

**PRELIMINARY STAFF MEASURE SUMMARY**

**House Committee On Revenue**

**Fiscal:** May have fiscal impact, but no statement yet issued

**Revenue:** May have revenue impact, but no statement yet issued

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**Action Date:**

**Action:**

**Meeting Dates:**

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**WHAT THE MEASURE DOES:**

Increases The rate of tax on 911 connectedness to \$1.25 per month on the monthly contracted service, and increases the tax to \$1.25 per transaction on the prepaid service. Allows for annual indexing adjustment based on the CPI of the annual US city Average starting in 2017.

**ISSUES DISCUSSED:**

- Approximately \$26.7 million a year, \$53.5 for a biennium.

**EFFECT OF COMMITTEE AMENDMENT:**

No amendment.

**BACKGROUND:**

The tax is collected by phone companies and wireless providers each month and then remitted to the Department of Revenue. There is presently a 75 cent per month tax on every subscriber who has telecommunication services with access to the 9-1-1 emergency reporting system with the exception that federal, state, and local governments are tax exempt. This tax is collected by the service provider from the subscriber. There have been six sunset extensions of this tax since 1981. The tax rate is set in statute and has been unchanged at \$0.75 since 1995. The program collects about \$39 million a year, and is set to expire on January 1, 2022.

HB 4055 of the 2014 session extended the tax to prepaid telecommunications service customers. The measure established procedures for collecting emergency communications tax on prepaid wireless telecommunications service and interconnected Voice over Internet Protocol service. The measure described the scope and breadth of the existing tax, and intent of the Act to facilitate administration of collection of the current tax. Then it extended the current tax (provider pay method) to prepaid subscribers from 1/1/2015 to 10/1/2015 using two different methods. After that it establishes a \$0.75 tax on each prepaid transaction. It allows 2% for retailers for collection costs and increases the Department of Revenue admin allowance to 1%. The measure also directs the Department of Revenue to report on collection and administration of tax imposed to the revenue committee by Feb, 2017. The tax is used to pay for the Department of Revenue's collect costs (up to one half of one percent), the Military Department's - Office of Emergency Management program's administrative costs and 9-1-1 training conducted by the Department of Public Safety Standards and Training (up to 4%); and statewide equipment and circuit charges (35%). The remaining revenue is distributed primarily to cities and counties on a quarterly basis to fund over 45 Public Safety Answering Points across the state (60.5%). Funds are distributed on a per capita basis; however, each county must receive a minimum of one percent of the net account balance.