



April 19, 2019

Honorable Nancy Nathanson, Chair
Honorable Lynn Findley, Vice Chair
Honorable Pam Marsh, Vice Chair
Oregon House Committee on Revenue
Oregon State Legislature
Salem, Oregon

Re: House Bill 2449, increases the rate of tax for emergency communications

Dear Chair Nathanson, Vice Chairs Findley and Marsh, and Committee Members:

On behalf of CTIA, the trade association for the wireless communications industry, we are writing to outline our concerns regarding House Bill 2449, which proposes to double the tax rate on consumers for emergency communications, raising it to \$1.50 per month from \$0.75 per month per subscriber account. If enacted, the proposed fee increase would represent a 100% increase while most neighboring states have maintained more moderate 911 fees in line with Oregon's current rate (WA: \$0.95, CA: \$0.31, ID: \$1.00 and NV: \$0.25). This increase would place Oregon as number three in terms of states with the highest 911 fees imposed on consumers in the country.

911 operations and expenditures should not only be efficient, but also transparent and accountable to an oversight board and to the public through annual reports to the legislature and/or Governor. Annual reports should contain information regarding collections and expenditures and progress toward the goal of statewide deployment. Such a significant increase should be justified with specifics as to exactly why the additional funds are needed. Additionally, with such a significant increase in the 911 fee, we respectfully request that the legislature ensure that any revenues from an increase are used to directly fund the establishment and maintenance of the 911 system.

Wireless carriers annually collect over \$2.8 billion dollars of dedicated taxes, fees, and surcharges from wireless consumers nationwide. The intent of 911 fees is specifically to support the costs to establish and maintain the emergency communications systems so that PSAPs have the ability to call back wireless 911 callers and pinpoint their location within FCC prescribed guidelines. As PSAPs begin to examine and transition to NG911, it is very important that clearly defined, uniform statewide definitions pertaining to "allowable costs" be specified in statute.



We believe that 911 funding must be limited to “allowable costs” and should not be a funding source for shifting additional expenses to the 911 fund. “Allowable costs” could include the nonrecurring costs of establishing a 911 system, the cost of emergency telephone and dispatch equipment, and costs for training for maintenance and operation of the 911 system. Conversely, “allowable costs” should not include the cost for leasing real estate, cosmetic remodeling of facilities, salaries or benefits, or emergency vehicles. The State and the PSAPs should not be using the 911 fund to pay for such unrelated expenses.

Additionally, as with any system implementation involving significant capital expenditures, costs should decrease once Oregon implements their NG911 system. Accordingly, the State should carefully examine whether new technologies can decrease PSAP costs and adjust 911 fees accordingly. Moreover, any increase in 911 fees should be associated with justifiable 911 costs.

State-level coordination is practical from a technical and financial perspective. Consolidation of PSAPs into regional PSAPs covering as large a number of local jurisdictions as can be efficiently served should be encouraged as a long-term goal.

Since wireless carriers annually collect the majority of 911 fees from customers that are specifically intended to support the costs to establish and maintain the emergency communications systems, we respectfully urge the legislature to examine whether this doubling of the fee is truly necessary and assure that all of these funds collected as a result of this fee are used for 911 purposes and that any proposed fee increases are justified.

Sincerely,

Lisa V. McCabe
Director, State Legislative Affairs