
OLR Bill Analysis

SB 354

AN ACT CONCERNING THE ENHANCED EMERGENCY 9-1-1 PROGRAM.

SUMMARY:

This bill modifies how prepaid wireless subscribers are assessed the fee that supports the Enhanced 9-1-1 (E 9-1-1) program. It eliminates the monthly fee (currently 50 cents) for subscribers and, instead, levies a 50-cent fee (prepaid wireless E 9-1-1 fee) on each purchase of prepaid wireless telecommunications services from a retailer.

The bill requires retailers to collect the prepaid wireless E 9-1-1 fee, and makes consumers liable for paying it. It allows retailers to keep 1% of the amount collected and requires them to remit the balance to the Division of Revenue Services (DRS), which must forward it to the State Treasurer's Office for deposit in the E 9-1-1 Telecommunications Fund. It allows DRS to make a one-time deduction of not more than \$120,000 from the fund for its direct costs of administering the collection and remittance of the fees.

The bill extends to telecommunications service providers, wireless telecommunications service providers, prepaid wireless telecommunications service providers, and their agents, the immunity that currently applies to telephone companies and their agents who release 9-1-1 subscriber information as required by law.

The bill also prohibits the Public Utilities Regulatory Authority (PURA) from approving any monthly fee for commercial mobile radio service (e.g., cell phone) subscribers that includes the progressive wire line inclusion schedule. This schedule discounts the monthly rate paid by subscribers with more than one phone at a location.

It makes technical and conforming changes.

EFFECTIVE DATE: January 1, 2013

PREPAID WIRELESS FEES

E 9-1-1 Fee Assessment and Collection

Under current law, PURA must determine the monthly fee to be assessed on subscribers of the following telecommunications services: (1) local telephone, (2) commercial mobile radio service, (3) voice over Internet protocol (VOIP) (e.g., services provided by Vonage or Skype), and (4) prepaid wireless telephone service. By law, the fee is capped at 50 cents per line per month and PURA cannot approve any fee that excludes the progressive wire line inclusion schedule.

The bill creates a separate assessment method for, and replaces the monthly assessment on, people who buy prepaid wireless telecommunications service with a 50-cent per transaction assessment. For the bill's purposes, if a consumer purchase includes multiple prepaid services, each such individual service constitutes a retail transaction. It also prohibits PURA from approving any commercial mobile radio service fee that includes the progressive wire line inclusion schedule.

The bill replaces the term "prepaid wireless telephone service" with "prepaid wireless telecommunications service" to reflect the enhanced capability of current technology. It defines "prepaid wireless telecommunications service" as a service that a consumer pays for in advance, allowing him or her to access the E 9-1-1 system by dialing 9-1-1. The service is sold in predetermined units or dollars that decline with use. The bill defines a "provider" as anyone who provides prepaid wireless telecommunications service under a Federal Communications Commission license.

Collection and Remittance of E 9-1-1 Fees

Under current law, wireless service providers assess the E 9-1-1 fee against their subscribers and pay the fee monthly to the state treasurer for deposit in the E 9-1-1 fund. The bill requires any seller conducting a retail transaction in Connecticut to collect the prepaid wireless E 9-1-1 fee from consumers when they buy prepaid wireless communications

services. A retail transaction occurs in Connecticut if (1) it is made in the consumer's presence at the retailer's business place in Connecticut or (2) the customer's shipping address or, if no item is shipped, his or her billing address or the location associated with his or her mobile phone number is in Connecticut.

Retailers must disclose the amount of the fee to consumers in an invoice, a receipt, other similar document, or post it conspicuously on their website or on a conspicuous sign at the point of sale.

Liability for Fees

Under the bill, consumers are liable for paying the prepaid wireless E 9-1-1 fee. Sellers and providers of prepaid wireless telecommunications services have no liability, except that they must remit any fees they are required to collect, including any fees not stated separately on an invoice, receipt, or other similar document they give to the consumer.

DRS Responsibilities

The bill allows retailers to retain 1% of the fees they collect and requires them to remit the balance to DRS by following existing sales and use tax procedures. The same audit and appeal procedures established in statute for the sales and use tax apply to prepaid wireless E 9-1-1 fees.

DRS must establish registration and payment procedures that substantially coincide with those that apply to retailers for sales and use tax purposes. It must also establish procedures by which sellers of prepaid wireless telecommunications may document that a sale is not a retail transaction. The procedures must substantially coincide with those used for documenting sale for resale transactions for sales and use tax purposes.

DRS, not later than 30 days after receiving any prepaid wireless E 9-1-1 fee, must transfer it to the state treasurer for deposit in the E 9-1-1 Telecommunications Fund. Any revenue from the prepaid wireless E 9-1-1 fee is subject to any restrictions under existing law.

Treatment of Prepaid Wireless E 9-1-1 Fees for Tax Purposes

Under the bill, the amount of the prepaid wireless E 9-1-1 fees that sellers collect must not be included in the base for measuring any tax, fee, surcharge, or other charge that the state, any state political subdivision, or any intergovernmental agency imposes on a seller, as long as the seller separately stated the amount in an invoice, receipt, or other similar document provided to the consumer.

E 9-1-1 LIABILITY ISSUES

By law, telephone companies and VOIP service providers must forward the telephone number and street address from which a 9-1-1 call is made to a safety answering point. The law immunizes the companies and their agents from liability for (1) releasing E 9-1-1 subscriber information in accordance with the law or (2) failure of any equipment or procedure in connection with E 9-1-1 or an emergency notification system.

BACKGROUND

The E 9-1-1 System and Funding

The E 9-1-1 system provides dispatch services to people who call 9-1-1. The emergency services and public protection commissioner (formerly the public safety commissioner) must annually determine the amount of funds needed to develop and administer the system. Funding for the system is generated by a monthly surcharge levied on all phone lines (CGS § 28-30a). PURA sets the surcharge based on cost and usage data provided by the Office of State-Wide Emergency Telecommunications (OSET).

Current rates are at the statutory cap of 50 cents per month for subscribers with a single telephone line (CGS § 16-256g). Subscribers with multiple lines are assessed on a sliding scale, starting at 50 cents for the first line. Subscribers pay the surcharge to their telephone service provider which, in turn, remits it to OSET monthly for deposit in the E 9-1-1 Telecommunications Fund.

Related Bill

sHB 5378 (File 184), favorably reported by the Public Safety and

Security Committee, increases from 50 to 75 cents per month, per access line, the maximum amount that PURA may assess telecommunications subscribers to fund the E 9-1-1 program.

COMMITTEE ACTION

Finance, Revenue and Bonding Committee

Joint Favorable

Yea 50 Nay 0 (04/03/2012)