



STATE OF WASHINGTON
MILITARY DEPARTMENT
EMERGENCY MANAGEMENT DIVISION

MS: TA-20 Building 20
Camp Murray, Washington 98430-5122
Phone: (253) 512-7000 • FAX: (253) 512-7200
Website: <http://www.mil.wa.gov>

State Of WASH.
UTIL. AND TRANSP.
COMMISSION

09/27/18 11:07

Received
Records Management

September 25, 2018

Mr. Steven V. King
Executive Director and Secretary
Washington State Utilities and Transportation Commission
1300 South Evergreen Park Drive SW
PO Box 47250
Olympia, Washington 98504-7250

Re: Petition for 2019 E911 State Excise Tax by the Washington Military Department, Emergency Management Division, State E911 Coordination Office

Dear Mr. King:

Under Revised Code of Washington (RCW) 82.14B.030(9), the Washington State Military Department (WMD)'s Emergency Management Division (EMD) State Enhanced 9-1-1 (E911) Coordinator, must recommend to the Commission the appropriate level of tax, based on a systematic cost and revenue analysis.

Recommended Excise Tax Rate

The Military Department's Emergency Management Division, State E911 Coordination Office, recommends the state E911 excise taxes on wireless, wireline, prepaid wireless and Voice over Internet Protocol (VoIP) continue at the current rate of twenty-five cents (\$0.25) per month, and per retail transaction in the case of prepaid wireless, in calendar year 2019.

Background

On January 1, 2011, the legislature, through SSB 6846, increased the state E911 tax from \$.20/device/month to \$.25/device/month for wireline and wireless services, as well as VoIP devices. On June 30, 2013, the Governor signed HB1971 into law, requiring prepaid wireless retailers to remit E911 tax at the same level as the other classes of service on each retail transaction beginning January 1, 2014. All E911 excise tax revenues are remitted by vendors directly to the Washington State Department of Revenue (DOR), which in turn distributes the appropriate funds to the respective government entities in accordance with Revised Code of Washington (RCW) 82.14B.

2018 Taxes

In FY2018, the state collected \$3.1 million in wireline tax revenue, \$16.7 million in wireless tax revenue, \$3.0 million in prepaid wireless tax revenue, and \$3.4 million in VoIP tax revenue. This was a \$0.4 million **decline** in wireline tax revenue, a \$0.6 million **increase** in wireless tax revenue, a \$0.3 million **increase** in prepaid wireless tax revenue, and a \$0.1 million **decrease** in VoIP tax revenue.

The telecommunications industry expects the number of wireline subscribers will continue to decline as wireless and VoIP phones replace traditional wireline services.

In summary, the state collected a total of \$26,242,371 in excise tax revenue from all sources in FY2018, compared to \$25,829,744 collected in FY2017. This resulted in an overall increase in revenue of \$412,627.

Expense Distribution

The dedicated E911 fund had approximately \$53.4 million available in funding at the beginning of the FY2017-2019 biennium.

Per RCW 38.52.545 and WAC 118-66-050, the State E911 Coordination Office expends E911 funds based on the following priorities:

1. To assure that 9-1-1 dialing is operational statewide;
2. To assist counties as necessary to assure that they can achieve a basic service level for 9-1-1 operations; and
3. To assist counties as practicable to acquire items of a capital nature appropriate to modernize 9-1-1 systems and increase 9-1-1 effectiveness.

The majority of expenses are distributed for county assistance and to maintain the statewide Emergency Services IP Network (ESInet). These costs have been exceptionally high the past couple of years due to the state's transition to a new Next Generation 9-1-1 (NG911) capable ESInet.

Next Generation 9-1-1 (NG911)

Washington has been navigating the course toward a Next Generation 9-1-1 capability that improves public safety by capitalizing on emerging technological advances. In 2016 the state awarded a contract to COMTECH Telecommunications Systems to provide a nationally standardized, National Emergency Number Association (NENA) i3 compliant, NG911 platform that will enhance the access, resiliency, reliability, network security and overall quality of 9-1-1 service in Washington State.

The project to transition onto the new ESInet II commenced in 2016 with the initial buildout of the core network. In 2017 an interconnection was established and tested between the new ESInet II and the old network. This interconnection was a critical risk mitigation factor to ensure seamless 9-1-1 service availability throughout the project. In May 2018, Public Safety Answering Points (PSAPs) began to cutover to ESInet II. The PSAP cutover phase will be complete in February 2019. The final two phases of the project are the Automated Location Identification (ALI) transition and the cutover of originating network providers to the new network. The projected completion date of the project is December 2019.

One of the largest cost factors was the need to fund and operate two networks throughout the transition. Costs for dual network provisioning will begin to decrease in February 2019 when all PSAPs are connected to the new ESInet II and will completely go away at the end of the transition project in December 2019. For the first six months of the 2019-2021 biennium we will still be paying partially for two networks.

The new ESInet II is highly secure, resilient and has significantly more capabilities than the original network. It will allow users to take advantage of NG911 features such as multi-media access (text, picture, voice, etc.) and improved location accuracy. Even with the increased capability, the operational and maintenance costs of the ESInet II is only \$600,000 more than the previous network.

Mr. Steven V. King
Sep 25, 2018
Page 3 of 3

County Assistance

The State E911 Coordination Office continues to support county 9-1-1 operations by funding network/database costs in addition to reimbursing costs to ensure a basic service level for 9-1-1 operations. Reimbursement eligibility is established by WAC and counties must expend all local E911 excise tax revenue on eligible items to receive state assistance. The priority system in WAC 118-66-050, for state assistance, will continue throughout the remainder of the biennium. Based on the rules in RCW 38.52 and WAC 118-66, the State E911 Coordination Office and the Policy Subcommittee of the State E911 Advisory Committee have updated policies to ensure WAC provisions are being adhered to, the program budget is sustainable, and at a minimum a baseline level of quality service to our citizens is provided within each county. The State E911 Coordination Office reimburses eligible items ranging from call taker salaries to computer-aided dispatch system maintenance.

Future

Once the state is fully transitioned onto the new NG911 ESInet, projected costs will begin to stabilize. However, with continual advancements in 9-1-1 technology and ever-increasing operating costs the State E911 Coordination Office is analyzing the potential need for a tax increase in future biennia.

Thank you for the continuing support that the Washington State Utilities and Transportation Commission provides to the State E911 Coordination Office. If you have any questions, please do not hesitate to contact this office at (253) 512-7468.

Sincerely,



Adam Wasserman
Washington State E911 Coordinator

cc: Rebecca Beaton, Washington State Utilities and Transportation Commission