



**STATE OF WASHINGTON
MILITARY DEPARTMENT
EMERGENCY MANAGEMENT DIVISION**

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September 07, 2017

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 2018 E911 State Excise Tax by the Washington Military Department,
Emergency Management Division, State E911 Coordinator's Office**

Dear Mr. King:

Under RCW 82.14B.030(9), the Military Department's Emergency Management Division (EMD) State Enhanced 911 (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 wireline, wireless, 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 2018.

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.

2017 Taxes

In FY2017, the state collected \$3.5 million in wireline tax revenue, \$16.1 million in wireless tax revenue, \$2.7 million in pre-paid wireless tax revenue, and \$3.5 million in VoIP tax revenue. This was a \$0.3 million **decline** in wireline tax revenue, a \$0.4 million **increase** in wireless tax

revenue, a \$.1 million **increase** in pre-paid wireless tax revenue, and a \$0.4 million **increase** in VoIP tax revenue.

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

In summary, the state collected a total of \$25,829,744 in excise tax revenue from all sources in FY2017, compared to \$25,233,963 collected in FY2016. This resulted in an overall increase in revenue of \$595,781.

Expense Distribution

With an expected carryover fund balance of \$1 million, and biennial revenues anticipated to be \$52.4 million, the dedicated E911 fund will have \$53.4 million available in funding for the FY2017-2019 biennium. The majority of expenses are distributed for county assistance and to maintain the statewide Emergency Services Internet Protocol Network (ESInet). Additionally, the State E911 Coordination Office is in the process of transitioning to a new, Next Generation 911 (NG911) capable ESInet. During the transition, there will be a period where both ESInet's will be operational, this will result in increased network costs.

County Assistance

Per Revised Code of Washington (RCW) 38.52.545 and WAC 118-66-050, the State E911 Coordination Office expends E911 funds based on the following priorities to the counties:

1. To assure 911 dialing is operational statewide. The State E911 Coordination Office is directly billed by service providers for network and database costs that counties incur.
2. To assure that counties can achieve a basic service level for 911 operations. The State E911 Coordination Office, with advice from the E911 Advisory Committee, has established funding eligibility criteria for Public Safety Answering Point (PSAP) 911 call processing equipment (CPE) and basic service costs.
3. To assist counties as practicable to acquire items of a capital nature appropriate to modernize 911 systems and increase 911 effectiveness.

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 FY2017-2019 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 the 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.

Next Generation 9-1-1 (NG911)

In 2016 the State E911 Coordination Office completed a contract for a new National Emergency Number Association (NENA) i3 standards-based ESInet. Implementation and transition to the new statewide 911 network has commenced and is scheduled to be completed within 24 months.

Mr. Steven V. King
Aug 31, 2017
Page 3 of 3

There are several advantages to the new network including integrated text to 911 and the ability to send multiple media types (text, images, video, etc). A central feature of the new network incorporates a geospatial call routing feature, which will replace the traditional automatic location information (ALI) database. Additionally, the new network design will incorporate enhanced cyber/security protections.

During the 24-month transition, it is necessary that the both ESInets remain in service and operational until all originating network service providers and PSAPs transition on to the new network. This dual provision is in line with industry standards and will mitigate inadvertent loss of service during the transition.

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