

Agenda Date: October 24, 2007  
Item Number: A7

**Docket: UT-071837**

Company Name: Telecommunications, General

Staff: Rebecca Beaton, Regulatory Analyst  
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### **Recommendation**

Grant the petition by the Military Department, Emergency Management Division, 911 Program Office (EMD), to continue the state 911 excise-taxes at the current rate of twenty cents (\$0.20) per switched access line through 2008.

### **Background**

The Military Department, Emergency Management Division, State 911 Program Office (EMD), recommends the state E911 wireline excise tax continue at the current rate of twenty cents (\$0.20) per switched access line through 2008. The level of the 911 excise-tax is based on a recommendation provided to the Commission by EMD, after review by the Military Department, the Office of Financial Management (OFM), and the Department of Revenue (DOR).

- RCW 82.14B.030 requires the Washington Utilities and Transportation Commission (Commission) to determine by October 31<sup>st</sup> each year the amount of the Enhanced 911 (911) excise-tax.
- The 911 excise-tax is applied per month to each switched access line.
- In 1991 the 911 excise tax was established by Referendum 42, (Substitute House Bill 1938.)
- The excise tax maximum was set at \$0.20 by the Legislature.
- The excise-tax rate has been at the maximum of \$0.20 since its inception in 1991.
- In 2003 the 911 excise-tax was extended to wireless subscribers at \$0.20 per month per subscriber.

### **Discussion**

EMD submitted to the Commission its annual report of revenues, expenditures, and budgets relating to the statewide provision of 911 services. The Office of Financial Management (OFM) requires the separation of 911 fund support into wireline and wireless components for tracking purposes. Expenses for the 911 program are based on spending authority of \$42.1 million set by the Office of Financial Management for the fiscal biennium 2008-2009.

There is a potentially significant discrepancy of \$2.1 million between the projected revenue figures provided by DOR and those provided by EMD

DOR: The Department of Revenue projections for the 911 program for fiscal year 2008 show revenue at \$19.2 million and that the 911 program will have adequate funds at the

current tax rate levels to meet its current reimbursement schedule. DOR forecasting models are based on long term trends.

EMD: EMD expects the total tax collection revenue for both wireline and wireless services for fiscal year 2008 to be \$17.1 million. Wireline revenue is anticipated to be \$7.3 million of that total. Internally, EMD uses a method of fund estimates on recent experience and industry trends.

If the EMD projections are correct, the 911 program office is prepared to make significant cutbacks in fiscal year 2009.

EMD funding support for the statewide 911 network includes components of the state 911 network system: system additions necessary to accommodate technology changes, computer-aided dispatch and caller-location capabilities.

EMD is leading the following 911 Impact Projects:

- Review of administrative code pertaining to 911 taxation
- 911 Six-Year Plan to project costs and revenue needs
- Disaster Contingency Planning
- Centralized equipment utilization to support Next Generation 911 networks
- National technical standards for the operation of 911 networks (wireless and wireline.)
- VOIP connection to 911 system protocols
- Next Generation 911 platform development<sup>1</sup>

EMD uses a priority system for county assistance based on rules in the Washington Administrative Code. The 911 State Advisory Committee (of which the Commission is a voting member) developed policies to confirm county sustainability and equality. Counties request and receive budget support from EMD for both wireline and wireless components of the 911 system.

Voice over Internet Protocol (VOIP) support, broadband deployment and supporting new technologies remains the focus of the 911 program. A proviso attached by the Washington legislature in 2005 to 911 expenditures limits the total expenditure of funds for specific VOIP efforts to tax receipts that are collected from VOIP carriers.

EMD and DOR submitted a joint report to the Legislature in 2005 regarding VOIP service support. EMD anticipates the 2008 legislative session may address the issue of VOIP through a possible proposal from the 911 National (NENA and APCO) forums.

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<sup>1</sup> Next Generation 911 design is intended to provide access to emergency services from all sources, and to provide multimedia data capabilities for emergency service organizations.

Docket UT-071837  
October 24, 2007  
Page 3

**Conclusion**

Staff recommends the Commission grant the petition by the Military Department, Emergency Management Division, 911 Program Office, to continue the state 911 excise-taxes at the current rate of twenty cents (\$.20) through 2008.