

May 12th, 2015

The Honorable Randy Vulakovich
Chair, Senate Veterans Affairs and Emergency Preparedness Committee
Senate Box 203038
Harrisburg, PA 17120-3038
Room: 168 Main Capitol

The Honorable Bob Mensch
Vice Chair, Senate Veterans Affairs and Emergency Preparedness Committee
Senate Box 203024
Harrisburg, PA 17120-3024
Room: 16 East Wing

RE: House Bill 911 – Opposition to 9-1-1 Fee Increase

Dear Chair Vulakovich and Vice Chair Mensch,

On behalf of CTIA-The Wireless Association®, the trade association for the wireless communications industry, I am writing to express our opposition to the 9-1-1 fee increase proposed in House Bill 911. We have concerns that the proposed 9-1-1 fee increase remains unjustified and represents a 65% fee increase on wireless consumers amounting to a \$78 million annual fee increase.

CTIA and its members are strong supporters of our public safety partners and share in the goal of an effective and efficiently-funded 9-1-1 system in the Commonwealth. Over the past three years, CTIA, its members and interested stakeholders have been included in the House's efforts and various legislative hearings regarding the Commonwealth's 9-1-1 rewrite. We very much appreciate being included in this process and recognize that there are positive provisions in House Bill 911 that have resulted from this deliberative process. For example, CTIA is supportive of revamping the distribution formula for 9-1-1 revenues. Today, fees collected from landline customers are remitted to the counties directly, while fees collected from wireless and voice over IP (VoIP) customers are remitted to the Commonwealth, which, then, decides how funds will be distributed. We are hopeful that the proposed distribution formula in House Bill 911 will ensure that the appropriate 9-1-1 funds are received by each PSAP.

Proposed 9-1-1 Fee Increase

We do have significant concerns regarding the proposed 9-1-1 fee increase in House Bill 911, however. Today, the Commonwealth collects \$192 million in 9-1-1 fees.¹ This is the second

¹ "Sixth Annual Report to Congress On State Collection and Distribution of 911 and Enhanced 911 Fees and Charges," December 21st, 2014, http://transition.fcc.gov/pshs/911/Net%20911/NET911_Act_6thReport_to_Congress_123014.pdf, last accessed 5/8/2015.

highest of any state in the country, just behind Texas. The Commonwealth has a population of only 12.7 million, compared to Texas' population of 25.1 million.² No adequate explanations have been provided or comprehensive audits performed that explain why the current 9-1-1 system in Pennsylvania is more expensive to build and maintain than 9-1-1 systems in larger, more populated states.

Secondly, the proposed 9-1-1 fee increase would adversely impact Pennsylvania wireless consumers. A 9-1-1 fee at \$1.65 represents a \$78 million annual fee increase on wireless consumers and would be the third highest statewide 9-1-1 fee in the country, after West Virginia and Alabama.³ Wireless consumers in Pennsylvania already face the eighth highest total tax and fee burden in the country. This proposed increase would increase that to the sixth highest burden. Furthermore, a family of four with a 4-line "family share plan" would pay nearly \$240 per year in taxes and fees. The 9-1-1 fee portion alone would be nearly \$80 per year. This is a significant annual burden on low- and moderate-income families.

Revenue Neutral 9-1-1 Rate

As reported by the Legislative Budget and Finance Committee, we have heard on numerous occasions that if the 9-1-1 fee were adjusted for inflation since its last increase in 1990, the fee should be \$1.72.⁴ Respectfully, that is just not the case. This \$1.72 figure fails to take into consideration the rapid growth in the number of wireless subscribers due to the proliferation of family share plans. Since 2000, the number of wireless subscribers tripled while the CPI grew by just 35%.⁵ In fact, the total number of telephone subscribers in Pennsylvania has grown from 13 million to almost 19 million between 2000 and 2013, according to FCC data.

When the initial fee was adopted in 1990, very few households paid more than a single fee per month. Today, wireless family plans frequently have three, four, or even five lines on a single bill. It is not unusual for Pennsylvania families to pay the 9-1-1 fee multiple times – something that was not contemplated three decades ago.

We believe that the data clearly shows that the Commonwealth has a distribution problem, not a revenue sufficiency problem. CTIA supports reforms that target revenues to those counties that do not have a sufficient subscriber base to fund 9-1-1 upgrades. However, this can be accomplished by moving all 9-1-1 fees – landline and wireless – to a single statewide rate with statewide collection and distribution. In fact, data provided by the wireless industry to the House showed that a single statewide rate of \$1.04 would replace the current revenues from the bifurcated wireline/wireless rate structure.

² U.S. Census, <http://quickfacts.census.gov/qfd/states/42000.html>, last accessed 5/8/2015.

³ National Emergency Number Association (NENA), "9-1-1 Surcharge – User Fees By State," <https://www.nena.org/?page=911RateByState>, last accessed 5/8/2015.

⁴ Testimony Given by Philip Durgin, Executive Director, Legislative Budget and Finance Committee, February 18th, 2015, <http://lbfc.legis.state.pa.us/Resources/Uploads/911-Testimony-to-SenateVetAffairs-Feb2015.pdf>, last accessed 5/8/2015.

⁵ See last page.

In closing, we want to reiterate that the wireless industry supports our public safety partners and are strong supporters of an effective and efficiently-funded 9-1-1 system. As such, we support the measures in House Bill 911 that would revamp the distribution formula for 9-1-1 revenues and encourage PSAP regionalization. We would also support the \$1.04 9-1-1 revenue neutral rate. However, as passed by the House, CTIA does not support the \$1.65 9-1-1 fee.

Sincerely,

A handwritten signature in cursive script that reads "Bethanne Cooley".

Bethanne Cooley
Director, State Legislative Affairs
CTIA-The Wireless Association ®

Cumulative Percentage Growth of Pennsylvania Telephone Subscribers vs. CPI, 2000 - 2013

