

House Bill 33

Revise 9-1-1 Emergency Phone System Laws

Proponent Testimony by Jim McKeon, Miscellaneous Tax Unit Manager
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444-1940

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House Federal Relations, Energy, and Telecommunications Committee
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Good afternoon Mr. Chairman and members of the committee, for the record my name is Jim McKeon. I am the Miscellaneous Tax Unit Manager for the Department of Revenue and stand before you here as a proponent to HB 33.

The State Emergency Telephone System 9-1-1 program is administered by the Department of Administration as explained by Mr. Brandt, with the Department of Revenue responsible for the filing, collecting and enforcement of the 9-1-1 fee.

I want to begin here by saying that Jeff Brandt has done an excellent job in explaining to you the details of HB 33 and how this bill clarifies how the 9-1-1 fee applies to a wireless telephone service provider when a customer elects to purchase a prepaid wireless plan versus a post-paid wireless plan. Therefore I will try and not repeat any testimony that has already be presented. However, I am here before you this afternoon as a representative of the Department of Revenue and to lend our supports to the Department of Administration. This bill is simple, -----in that the clear and plain purpose of the 9-1-1 statute is to assess the 9-1-1- fee upon the end-user (you or I) whether we are a land-line end-user or a wireless end-user. It is the users (subscribers) ultimately benefit for the 9-1-1 service. The statute further states the provider shall collect the 9-1-1 fee and remit this fee to the Department of Revenue. These fees collected by the provider are considered payments by us as the subscriber.

The problem that exists and is in need of clarification is how this 9-1-1 fee is paid when the wireless service provider offered the end-user (you or I) the ability to have wireless service, by prepaying our bill instead of paying after we use our wireless service.

The bill provides clarification and an option of two methods for prepaid wireless providers on how to collect the 9-1-1 fee from their prepaid wireless subscribers. These two methods are spelled out in section 1 of the bill and have been explained to you by Mr. Brandt.

In addition, this bill provided for the Department of Revenue's to apply the uniform application of penalties and interest found in Title 15, Chapter 1, Section 216. This uniformity language is found in Sections 2, 3 and 4 of HB 33. For the past 4 years, the Department of Revenue has been in the process of replacing its existing computer

systems with a new integrated tax system called GenTax. This process began in 2003 with the installation of our lodging facility taxes, rental vehicle taxes and payroll withholding taxes. From 2003 through 2006 we continued to successfully implement other tax programs into GenTax and in June of 2006 we added to this system our remaining taxes and fees, including the 911 fee. Currently we are in the development stage of implementing our final program, Unclaimed Property into GenTax and anticipate that it will be converted in July, 2007. By adopting the uniform penalty and interest statutes to the 9-1-1 fee we are better able to utilize the integrated tax functions designed in GenTax.

The language found in sections 2, 3 and 4 of this bill provide the Department the authority to apply the uniform penalty and interest provisions of Title 15, Chapter 1, Section 216 that statutorily applied to other tax programs administered by the Department of Revenue to the 9-1-1 program.

With the reference to 15-1-216 the penalty for failure to file a 9-1-1 report is \$50 or the amount of fee owed, whichever is less. The penalty for paying the 9-1-1 fee timely is 1.5% a month with a maximum of 15% and interest is assessed on the late payment of 9-1-1 fees at the rate of 12% per year accruing daily from the due date of the return until paid. In addition, in referencing 15-1-216 the department is required to pay interest at the rate of 12% per year on any refund of overpayment of the 9-1-1 fee.

I urge your support for HB 33. I am available to answer any questions you may have.

Thank you.