

Please join us to Protect 911 and Public Safety
We Support HB 1789 without Floor Amendments



Jim Baldwin



Doug Hill



Dane Snowden



Audrey Kenny



David Kerr



Chris Ternet



Jodie Stuck



Frank Buzydlowski

Prepaid cell phones are now close to 20% of the wireless market, yet there is no equitable way under present law to collect from prepaid wireless users the fee that is essential to fund the 911 system serving your county.

Pennsylvania's 911 centers rely upon wireless and wireline telecommunications users to fund 911 operations. But due to inefficiencies in current collection methods and legal questions around how prepaid carriers may collect and remit the 911 surcharge, **911 centers are losing close to \$10 Million per year in revenue**.

While traditional facilities-based wireless providers like AT&T, Sprint, T-Mobile, US Cellular and Verizon operate and maintain their own networks and sell prepaid services, Mobile Virtual Network Operators (MVNO) such as TracFone buy wholesale from those facilities-based providers to use their networks and provide service to end-user customers.

The purchase of prepaid wireless service includes both the purchase of a phone and/or the purchase of minutes (typically in the form of a card) to "recharge" the phone with minutes of airtime. In these instances a billing relationship does not exist and prepaid service is a cash & carry service. (see attached)

How does HB 1789 solve the problem?

HB 1789 clarifies that the \$1.00 fee on the sale of prepaid wireless services will be collected at the point-of-sale by the retailer and remitted to the Department of Revenue in a manner similar to the present sales tax collection system. The fee will be transferred by DOR to PEMA for distribution to your counties and 911 centers through the process currently used with other telecommunications services.

HB 1789, as amended in committee on January 25th, provides allowances to DOR and retailers to offset the costs of compliance.

Are there other alternatives?

No. Other than the point-of-sale method proposed in HB 1789, there is no effective and equitable method for collecting the surcharge from prepaid wireless customers. There is no direct relationship between the prepaid wireless provider and the customer when services are purchased through a third party; therefore, the surcharge cannot be collected from a customer by a prepaid wireless provider.

Has the HB 1789 approach been used in other states?

NCSL adopted model legislation that closely resembles HB 1789, and Maine, Louisiana, Texas and Wisconsin have passed legislation that implements a point of sale process. In Wisconsin, retailers and carriers have implemented the process developed in HB 1789 with few problems. The systems that nationwide retailers and carriers are building to comply with the laws in those states will make compliance easier for Pennsylvania retailers.

The Bottom Line

The current collection system for 911 fees on prepaid wireless services is inefficient, broken and needs to be fixed. Eighty percent (80%) of all prepaid wireless service is sold through 3rd party retailers, and in those cases the prepaid wireless carrier has no role in the transaction with the customer. Therefore, the only effective and equitable solution to assessing 911 fees on prepaid wireless services is when the transaction takes place, which is when the service is sold. HB 1789 accomplishes this goal.

Please vote YES on HB 1789 without floor amendments.