



Changes to Enhanced 911 Program to Take Effect January 1, 2013

Effective January 1, 2013, Public Act 12-153 requires prepaid wireless subscribers to be assessed the fee that supports the Enhanced 911 (E-911) program. It was recognized that nearly \$10 million in E-911 support funding was being lost because it was impossible to collect these fees from these users in this state. While sales taxes were required to be collected, some customers would fail to input their proper zip code (stating it to be "00000" for instance, so the proper state could not levy the tax. This new revenue system will be examined annually by PURA to determine if recovery of these user fees can help stabilize or even reduce the monthly fee to all telecommunications customers.

Since E-911 is a "user-based" payment system, it has become important to assess all users of E-911 this fee in order to pay for the system. The bill eliminates the regular E-911 monthly fee (currently 67 cents) paid by all wireline and wireless customers for these prepaid wireless subscribers and, instead, levies a prepaid wireless E-911 sales tax, equal to the monthly fee assessed on other telecommunications service subscribers, on each purchase of prepaid wireless telecommunications services from a retailer.

The bill also prohibits PURA from approving any monthly fee for commercial mobile radio service (e.g., cell phone) subscribers that includes the progressive wire line inclusion schedule. This schedule discounts the monthly rate paid by subscribers with more than one wireless phone at a location. This change will affect family plan customers and will especially impact corporations with thousands of wireless phones at one location since these will no longer be excluded from paying the regular E-911 monthly fee. The bulk of the increased funding will come from this change.

Prepaid wireless E-911 users represent over 20% of wireless users in Connecticut with the bulk of such cards being purchased at the Big Box stores such as Walmart or at the wireless providers (Verizon, AT&T) themselves at their retail outlets. These retailers will have the option to simply consolidate these taxes into their quarterly returns to the state's Division of Revenue Services (DRS).

Since it was impossible to assess prepaid wireless customers because there is no billing relationship after the purchase of the card from a retailer, the bill requires retailers to collect the prepaid wireless E-911 fee, and makes consumers liable for paying it at the time of sale as a state sales tax. It also allows retailers to keep 1% of the amount collected and requires them to remit the balance to DRS, which must forward it to the State Treasurer's Office for deposit in the E-911 Telecommunications Fund.