

## MINUTES OF THE SENATE COMMITTEE ON COMMERCE.

The meeting was called to order by Chairperson Senator Karin Brownlee at 8:30 a.m. on March 06, 2001 in Room 123-S of the Capitol.

All members were present except:

Committee staff present:

April Holman, Legislative Research Department  
Bob Nugent, Revisor of Statutes  
Lea Gerard, Secretary

Conferees appearing before the committee:

Jason White, Metropolitan, Ambulance Service, K.C.  
Keith Faddis, City of Overland Park, Task Force  
Member

Others attending:

See attached sheet.

In accordance with KSA 75-3715a, a corrected fiscal note concerning **SB 146** was submitted to Committee members.

Senator Brungardt moved, seconded by Senator Emler, that **SB 146** be recommended favorable for passage. The voice vote was unanimous in favor of the motion. Senator Emler will carry the bill.

Senator Kerr moved, seconded by Senator Jenkins, that the Minutes of February 16 and 19, 2001 be approved. The vote was unanimous in favor of the motion.

Tom Gleason on behalf of the Rural Local Exchange Carriers of Kansas presented testimony in support of full inclusion of wireless service in the emergency telephone systems established and maintained by local units of government for the health and safety of citizens. Mr Gleason stated whether the committee favors the approach of **HB 2034** as adopted or the alternative afforded by **SB 298** or some blending of the two, the passage this year of fair and effective legislation is vital (Attachment 1).

Tom Gleason submitted the following amendments to **SB 298**:

Page 2, Line 20 the .50 cent cap be increased to the .75 cent cap as applies to wireline assessments for 911 service. There are also some concerns regarding equity of cost recovery with respect that not all wireline companies recover their costs from the 75 cent assessment. They are all protected by tariffs and recovered in that fashion; however, some of that recovery is through the local service tariff not through the tariff for services provided to the PSAP.

Page 2, Line 25 adds some additional language to the existing law on the wireline side and what would be imposed on the wireless carriers. This additional language would be applied to the wireline carriers to bring about that collectors earn the money they are allowed. The 2% retention for expenses in collecting and remitting the assessment would be conditioned upon the companies both wireless and wireline for using the same efforts to collect the tax that they use to collect the amounts due to them for service.

With regard to cost recovery, we have proposed additional language to be added on Page 4, Subsection 3, Line 37 "Necessary and reasonable".

Page 5, Line 5 additional language would give the administrator express authority to approve or reject in whole or in part any application for disbursements based on the necessity and reasonableness of the expenditure for any specified purpose.

Senator Emler requested that Tom Gleason provide information if the rural telephone companies of Kansas currently have in place a requirement to charge a .75 cent surcharge per customer.

In response to a question from the Chair, Janet Buchanan, KCC stated yes it was fair to say the cost to deliver 911 is recovered in the fee that's showing on a consumer's bill and is not included in other embedded costs.

Jason White, Kansas Emergency medical Services Association (KEMSA) testified in support of **SB 2034** stated the E-911 Task Force recommended that wireless providers can either bill their customers and can negotiate recovery of their costs with the individual PSAPs. For wireline LEC's those rates for services are set by tariffs or by individual contracts. For wireless carriers those rates can be determined by negotiations with each PSAP (Attachment 2).

Tom Sullivan, Barton County presented written testimony in support of **SB 2304** (Attachment 3).

Keith Faddis, Deputy Chief, Overland Park Police, testified in support of **SB 2304** (Attachment 4). Mr. Faddis stated as far as cost recovery for the wireless carriers in **SB 298**, it limits it to .50 cents and Sprint has stated their costs would be .20 cents of the .50 cents. In Johnson County there are six wireless carriers, assuming that Sprint is the most efficient and economical of the wireless carriers, the other five carriers could be charging another .20 cents. The biggest portion that the PSAP's will have to deal with is the mapping portion, actually putting this caller on the map. If the wireless carriers each get .20 cents out of the .50 cents, where do we get the money for the mapping.

The Chair requested Amy Yarkoni, Cingular to clarify the .20 cents per subscriber. Amy stated when the wireless carriers give you a per minute first subscriber charge like .20 cents, it's based on their subscriber population. So if Cingular as a carrier had 100,000 customers and .20 cents was required per subscriber you would collect .50 cents per subscriber and take only .20 cents per subscriber for the number of subscribers the carrier has. Therefore, there might be a million for which you collected 50 cents and each carrier will ask for .20 cents for their portion of subscribers. We are taking .20 cents from each 50 cents received not 20 cents apiece from the one .50 cents for every subscriber.

Mike Murray, Sprint, distributed to the committee an explanation of wireless E911, concierge services that addressed the question of whether wireless carriers should be permitted cost recovery if they are able to profit from the development of enhance 911 technology (Attachment 5).

April Homan, Legislative Research Department gave a brief overview of the side-by-side **HB 2034** and **SB 298** (Attachment 6). The biggest difference between the two bills is that **SB 298** is a centralized approach. The bill would create a new system that would be statewide with an administrator of the wireless E-911 fund. Each 10-digit phone number will have a surcharge capped at .50 cents. **HB 2034** is a decentralized approach in that it would piggyback on the existing 911 statutes and include wireless. There would be a .75 cent maximum surcharge.

Meeting adjourned at 9:30 a.m.

Next meeting scheduled for March 07, 2001 at 8:00 a.m.

SENATE COMMERCE COMMITTEE

GUEST LIST

DATE: MARCH 06, 2001

NAME	REPRESENTING
Rob Hayes	KTRB
KEITH FAOANIS	OVERLAND PARK POLICE
Nelson Krueger	Western Wireless
JANET BUCHANAN	KCC
Jason White	Kansas EMS ASSO.
John Pingar	City of Topeka + KLPB
Tom Gleason	Independent Telecom Group
Bernie Koch	Wichita Area Chamber
Mike Pepoon	Sedgwick County
Jim Yonally	Verizon Wireless
Mike Murray	Sprint
Mike Specht	AT&T
Sandra Braden	Cingular
Amy Yarkoni	Cingular
Haci M. Welber	AMERICAN HEART ASSN.
Joe Schuele	ALLTEL
Robert Zamm	FC, KS/WYCO
Joel Franze	KGE
Kelly Kuttala	City of Overland Park
Pat Lehman	KFSA
Kim Gilley	CKM
Don Seibert	City of Olathe

# INDEPENDENT TELECOMMUNICATIONS GROUP

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## BEFORE THE SENATE COMMERCE COMMITTEE

### Testimony of Tom Gleason on House Bill No. 2034 and Senate Bill No. 298 on Behalf of the Rural Local Exchange Carriers of Kansas

March 2, 2001

Madame Chair and Senators:

My name is Tom Gleason. I am privileged to act as legislative and regulatory counsel for twelve of the independent local exchange carriers serving portions of rural Kansas. The three dozen rural companies serving Kansas, including my clients, provide high quality wireline local service to their communities; they range in size from less than two hundred to over seventeen thousand Kansas residence and business customers. I appear today to offer these rural carriers' support for full inclusion of wireless service in the emergency telephone systems established and maintained by local units of government for the health and safety of their citizens.

Independent telephone companies in Kansas often have taken the lead in the establishment and development of 911 services in their communities. As members of their communities and as telecommunications service providers they are well aware of the need for rapid and reliable communications in emergencies. They have long worked and continue to work with local public health and safety providers to provide faster and better coordinated emergency response for their customers. Rural companies have been eager to keep pace with technological developments providing continuing improvements in emergency response.

The advent of wireless and mobile telecommunications has provided increased convenience for many Kansans; it has also provided further enhancement of public safety through the ability to contact emergency services from almost anywhere. For years wireless customers have had access to 911 systems, and we believe it is time that wireless carriers become full and equal partners in advancing public health and safety. The past year's Task Force on wireless 911 reached significant areas of agreement among the interested and affected parties, but some public policy decisions remain to be made. Whether you favor the approach of House Bill 2034, as adopted by a vote of 114-8 in that body, the alternative afforded by Senate Bill 298 or some blending of the two, we believe passage this year of fair and effective legislation is vital. Inaction saves only cents per month for wireless customers, at the price of continuing threat to life and limb.

Senate Commerce Committee  
March 6, 2001  
Attachment 1-1

A number of Kansans view wireless telecommunications as not just a supplement but an alternative to traditional wireline communications. As the emergence of local service competition becomes reality it is critical that public policy not place a heavy thumb on the scale in the marketplace, either intentionally or inadvertently. Public safety is an overriding need, but it can be advanced without creating competitive inequities. To that end rural companies see portions of Senate Bill 298 which deserve further attention and refinement.

All too often business competition can include competition for legislative or regulatory advantage; this is not improper as a business practice, but neither is it often a sound basis for making public policy. We provided, for House consideration, amendments which helped to approach more nearly the competitive ideal of the level playing field; to the extent you consider other means for implementing wireless 911 service we ask you to preserve that goal and give no advantage to one technology over another.

One obvious disparity between technologies is the lower per-customer assessment cap proposed in Senate Bill 298 for wireless customers. Wireless enhanced 911 costs are likely to meet or exceed those for wireline calls. A fifty cent cap would likely result in either insufficient funding or a perpetuation of wireline customer support for PSAP wireless service costs, or both. Even if a uniform statewide assessment is the preferred mechanism, there should exist at least the opportunity for parity with wireline assessments. In most counties that assessment is set by local units at 75¢ per month.

Ironically, wireless carriers operating in a robust competitive environment have sought guarantees of full cost recovery entirely from 911 tax funds. Guarantees of recovery in favor of unregulated competitive entities would deny to the public the benefit of both competition and regulation, as there would be little or no control on costs. It is questionable the extent to which an administrator employed by the Highway Patrol could provide effective cost oversight, and a guarantee of recovery would remove the competitive incentives to cost efficiency and restraint of recovery. Wireless companies are in no way precluded from recovering their costs, but guarantees of that recovery by multiple providers entirely from a capped assessment could easily result in funding insufficient to achieve the basic mission.

We hope the move toward full inclusion of wireless suppliers and customers in advanced and more valuable 911 systems will not come at the expense of competitive neutrality; it need not do so. Whichever approach you may choose, we ask that you pursue a solution which has the greatest likelihood of adoption this year to bring greater safety to wireless customers. If you defer action in the expectation of a perfect solution, or a solution having universal acceptance, the losers will be Kansans in need of emergency assistance.

Thank you for your attention to our concerns and, we hope, for your interest in advancing public health and safety without imposing undue advantage or disadvantage on any participant.

(j) "Public agency" shall have the same meaning as in K.S.A. 12-5301, and amendments thereto.

(k) "Public safety answering point" shall have the same meaning as K.S.A. 12-5301, and amendments thereto.

(l) "Ten-digit telephone number" means a telephone number assigned to a particular telephone account preceded by the area code.

(m) "Wireless automatic location information" means a feature by which information is provided to a public safety answering point identifying the location, the latitude and longitude within the parameters established by the federal communications commission, of a wireless unit originating a call to a public safety answering point.

(n) "Wireless carrier" means any carrier of commercial mobile radio service as defined in section 2(27) and 332(d) of the federal telecommunications act of 1996, 47 U.S.C. section 151 *et seq.*, and the federal telecommunications rules, 47 C.F.R. 20.18 *et seq.*, or any cellular licensee, personal communications licensee and specialized mobile radio carrier as defined in 47 C.F.R. 20.18.

Sec. 2. On and after July 1, 2001, each wireless carrier who has a subscriber with a billing address in the state of Kansas shall collect from each subscriber a surcharge of not more than \$.50 per month per subscriber account in the state as determined by the administrator. The wireless carrier shall add the surcharge to each subscriber's telephone bill. ~~The wireless carrier shall not be liable for any surcharge not paid by a subscriber and shall not be obligated to take legal action to collect the surcharge.~~ The surcharge shall appear as a separate line item charge on the subscriber's billing statement and shall be labeled as "Enhanced Wireless 911 Surcharge."

Sec. 3. Each wireless carrier shall remit to the administrator the amount of surcharge collected monthly together with any forms required by the administrator. The carrier may retain up to 2% of such amount as an administrative collection fee. The carrier shall maintain surcharge and remittance records for a period of two years after the date of the billing of the surcharge to the subscriber. The administrator shall remit the funds to the state treasurer for credit to the enhanced wireless 911 fund. The administrator may require an audit of any wireless carrier's books and records concerning the collection and remittance of the surcharge pursuant to this act.

Sec. 4. The enhanced wireless 911 advisory board is established to advise the administrator concerning the implementation, development, administration, coordination, evaluation and maintenance of enhanced wireless 911 service. The advisory board shall be composed of eleven individuals appointed by the governor, including:

(a) One representative of local law enforcement;

The wireless carrier shall have no obligation to take any legal action to enforce the collection of any surcharge imposed under authority of this act. The wireless carrier shall provide annually the administrator with a list of amounts uncollected along with the names and addresses of those subscribers which carry a balance that can be determined by the wireless carrier to be nonpayment of any surcharge imposed under authority of this act. Any surcharge imposed under authority of this act shall be collected insofar as practicable at the same time as, and along with, other charges owed by the subscriber in accordance with the regular billing practice of the wireless carrier.

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**PROPOSED AMENDMENTS TO SENATE BILL 298**

**SUBMITTED BY**

**THE RURAL TELEPHONE COMPANIES OF KANSAS**

**MARCH 6, 2001**

5-1

1 (j) "Public agency" shall have the same meaning as in K.S.A. 12-5301,  
2 and amendments thereto.

3 (k) "Public safety answering point" shall have the same meaning as  
4 K.S.A. 12-5301, and amendments thereto.

5 (l) "Ten-digit telephone number" means a telephone number as-  
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7 (m) "Wireless automatic location information" means a feature by  
8 which information is provided to a public safety answering point identi-  
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12 (n) "Wireless carrier" means any carrier of commercial mobile radio  
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14 munications act of 1996, 47 U.S.C. section 151 *et seq.*, and the federal  
15 telecommunications rules, 47 C.F.R. 20.18 *et seq.*, or any cellular licensee,  
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17 defined in 47 C.F.R. 20.18.

18 Sec. 2. On and after July 1, 2001, each wireless carrier who has a  
19 subscriber with a billing address in the state of Kansas shall collect from  
20 each subscriber a surcharge of not more than ~~\$50~~ per month per sub-  
21 scriber account in the state as determined by the administrator. The wire-  
22 less carrier shall add the surcharge to each subscriber's telephone bill.  
23 The wireless carrier shall not be liable for any surcharge not paid by a  
24 subscriber and shall not be obligated to take legal action to collect the  
25 surcharge. The surcharge shall appear as a separate line item charge on  
26 the subscriber's billing statement and shall be labeled as "Enhanced  
27 Wireless 911 Surcharge."

\$75

28 Sec. 3. Each wireless carrier shall remit to the administrator the  
29 amount of surcharge collected monthly together with any forms required  
30 by the administrator. The carrier may retain up to 2% of such amount as  
31 an administrative collection fee. The carrier shall maintain surcharge and  
32 remittance records for a period of two years after the date of the billing  
33 of the surcharge to the subscriber. The administrator shall remit the funds  
34 to the state treasurer for credit to the enhanced wireless 911 fund. The  
35 administrator may require an audit of any wireless carrier's books and  
36 records concerning the collection and remittance of the surcharge pur-  
37 suant to this act.

38 Sec. 4. The enhanced wireless 911 advisory board is established to  
39 advise the administrator concerning the implementation, development,  
40 administration, coordination, evaluation and maintenance of enhanced  
41 wireless 911 service. The advisory board shall be composed of eleven  
42 individuals appointed by the governor, including:

43 (a) One representative of local law enforcement;

The wireless carrier shall provide annually the administrator with a list of amounts uncollected along with the names and addresses of those service users which carry a balance that can be determined by the wireless carrier to be nonpayment of any surcharge imposed under authority of this act. Any surcharge imposed under authority of this act shall be collected insofar as practicable at the same time as, and along with, the charges for the rates of the wireless carrier in accordance with the regular billing and collection practices of the wireless carrier. Failure of a carrier to employ such practices to collect such surcharge shall render the carrier ineligible to retain any portion of the administrative collection fee otherwise authorized.



1 visory board, shall determine and encourage use of the most efficient  
2 methods for providing enhanced wireless 911 service.

3 Sec. 8. (a) The administrator, in consultation with the advisory board,  
4 shall:

5 (1) Determine the costs to implement wireless automatic location  
6 identification;

7 (2) determine the level of funding available for disbursements to be  
8 made pursuant to the act;

9 (3) determine the percentage of the funds that shall be allocated to  
10 each funding purpose, including the percentage that shall be designated  
11 for funding 911 service under subsection (b) of this section;

12 (4) determine how the funds distributed under paragraphs (2) and  
13 (3) of subsection (b) of this section, are to be allocated among the wireless  
14 carriers and public safety answering points; and

15 (5) adopt rules and regulations as may be necessary to implement the  
16 provisions of this act.

17 (b) The administrator, in consultation with the advisory board, shall  
18 establish standards and criteria to determine the eligibility of applications  
19 for disbursements from the fund and the level of disbursement for each  
20 application. In establishing such criteria and standards, the administrator  
21 shall include applications submitted for the following purposes as eligible  
22 for funding:

23 (1) Costs incurred or to be incurred by public safety answering points  
24 to implement enhanced wireless 911 service including, but not limited  
25 to, purchases of equipment and upgrades and modification to equipment  
26 used solely to process the data elements of enhanced wireless 911 service,  
27 maintenance costs and license fees for such equipment and the training  
28 of personnel to operate such equipment;

29 (2) costs incurred or to be incurred by public safety answering points  
30 for the purchase, installation, maintenance and operation of telecom-  
31 munications equipment and telecommunications services required for the  
32 provision of 911 service, or enhanced 911 service, if the costs are nec-  
33 essary to prepare the public safety answering point for the capability of  
34 providing enhanced wireless 911 service. Such costs shall not include  
35 expenditures for new or expanded buildings or similar facilities or to con-  
36 struct other capital improvements not expressly authorized by this act;

37 (3) costs incurred or to be incurred by wireless carriers to implement  
38 enhanced wireless 911 service pursuant to a service agreement with a  
39 public safety answering point or pursuant to a request for service from a  
40 public safety answering point. Such costs shall include, but not be limited  
41 to, the portion of the costs for equipment used for providing enhanced  
42 wireless 911 service, costs to lease another vendor's equipment or services  
43 to provide enhanced wireless 911 service, costs to create or maintain any

necessary and reasonable

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1 database or database elements used solely for enhanced wireless 911 serv-  
2 ice and other costs of establishing enhanced 911 wireless service. Only  
3 the portion of the costs of equipment or services used in the wireless  
4 carrier's main infrastructure necessary to implement enhanced 911 serv-  
5 ice of enhanced wireless 911 service shall be eligible for funding;

6 (4) in addition to other duties, the superintendent of the highway  
7 patrol shall provide budgeting, purchasing and related management func-  
8 tions for the administrator and the enhanced wireless 911 advisory board  
9 as may be provided by law and perform other functions and duties per-  
10 taining to enhanced wireless 911 service as may be specified by law; and

11 (5) actual and necessary expenses incurred by members of the advi-  
12 sory board while performing duties required by this act.

13 Sec. 9. (a) Public safety answering points and wireless carriers may  
14 apply for disbursement from the enhanced wireless 911 fund by submit-  
15 ting a written application to the administrator. The administrator shall  
16 receive and review applications, including supporting documentation.  
17 The administrator shall notify the public safety answering points and wire-  
18 less carriers as to the determination of the administrator regarding the  
19 application.

20 (b) Each entity that receives disbursements from the fund shall make  
21 a full accounting of the money in a manner and form prescribed by the  
22 administrator.

23 Sec. 10. Information provided by wireless carriers to the advisory  
24 board or to the administrator pursuant to this act may be treated as pro-  
25 prietary records which may be withheld from the public upon request of  
26 the party submitting such records.

27 Sec. 11. The enhanced wireless 911 service described in this act is  
28 within the governmental power and authority of the administrator, gov-  
29 erning bodies and public safety agencies. In contracting for such service  
30 and in providing such service, except for failure to use reasonable care or  
31 for intentional acts, the administrator, each governing body, each public  
32 agency, each wireless carrier and their employees and agents shall be  
33 immune from liability or the payment of damages in the performance of  
34 installing, maintaining or providing enhanced wireless 911 service.

35 Sec. 12. This act shall take effect and be in force from and after its  
36 publication in the statute book.

**The administrator may approve, or may disapprove in whole or in part, any application for disbursement from the enhanced wireless 911 fund for costs incurred by a wireless carrier; such approval or disapproval shall be based on the necessity and reasonableness of the expenditure for any purpose specified herein and on the sufficiency of enhanced wireless 911 fund revenues to meet the other purposes specified as eligible for funding in this section.**

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Kansas Emergency Medical Services Association (KEMSA) testimony regarding HB 2034, February 28, 2001

KEMSA supports HB 2034.

KEMSA is the professional association representing the EMT's and paramedics that currently serve the citizens of Kansas. We communicate quarterly with the 10,000 EMS professionals with our newspaper, the Chronicle, which has been highlighting the cell phone 9-1-1 issue for the past 2-3 years.

EMS professionals are part of front line of responders with law enforcement and fire service personnel that react to emergencies. Our effectiveness is often impacted by the efficiency and effectiveness of the area 9-1-1-communication system.

Kansas should be proud that 103 of 105 counties offer at least basic 9-1-1 services for hardwire phones.

2034 will start the process to improve the Kansas 9-1-1 system by incorporating cellular phones into the current 9-1-1 system.

The technology for cellular phone 9-1-1 is workable and is being implemented in other states.

The Task Force was very successful:

Unanimous final report

Compromise between the cell phone companies and the local governments on key issues.

2034 reflects the Task Force report and the report reflects the conscious decisions of the diverse group created by the Kansas legislature.

KEMSA was able to attend all but one of the Task Force meetings, which developed the report that guides this issue.

KEMSA supports the passage of HB 2034 as a fair method of implementing cellular phone 9-1-1 services.

Jason White  
KEMSA Board

"UNITY IS STRENGTH"

Senate Commerce Committee  
MARCH 6, 2001  
Attachment 2-1



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Honorable Karin Brownlee  
Chairperson, Senate Commerce Committee,

February 28, 2001

Re: HB 2034: Emergency Telephone Systems: 911 Tax Equity

I would like to thank Chairperson Karin Brownlee and Members of the Senate Commerce Committee for the opportunity to present written testimony on this bill. On matters pertaining to enhanced 911 services for wireless customers, over this passed year, I have represented Barton County and the Kansas Association of Counties (KAC) and want to express full support for HB 2034 as passed by the House of Representatives. The KAC has worked toward this legislation since 1994 and the Board of Barton County Commissioners are strong supporters of HB 2034.

I was a member of the E911 Task Force, as recommended by the KAC to Governor Bill Graves. I attended all meetings of the Task Force including the additional subcommittee meeting that met in August 2000. From these meetings I gained an appreciation for the task placed before this Commerce Committee. Finding common ground on the issue of enhanced wireless emergency services between the local governments that fund the public safety answering points and the wireless carriers is a task worthy of public concern. HB 2034 expresses the consensus that was achieved by the Task Force, the intent of the report and is good public policy.

Beyond the passage of this legislation, the remainder of the work to provide enhanced 911 services for the customers of the wireless carriers is a matter of local decision-making. Local governing officials across Kansas initiated 911 services for customers of the wireline system as prompted by their constituents. Counties and Cities across the state will act in the same manner for the provision of enhanced 911 services for customers of the wireless system. The Board of Barton County Commissioners are good stewards of their responsibilities for the use of 911 funds.

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Attachment 3-1

A centrally controlled process and system, as set in Senate Bill 298, will not fit all localities across the state, including those along the Interstate 70 corridor from Wyandotte to Sherman Counties. However, the provision of enhanced 911 services for wireless customers at the local level does require the leadership of the state legislature through the passage of HB 2034.

Consistent with the provision of this important public safety service, there are three aspects of the Task Force report, and HB 2034, that I would like to emphasize. These are the matters of tax equity, the ability of the wireless carriers to gain cost recovery and centralization. The matter of tax equity is a simple concept expressing that the customers of the wireless carriers should pay for the provision of enhanced 911 services for the wireless system. Wireline customers pay the user tax for their enhanced 911 services and are now also covering the costs for 911 calls made by the customers of the wireless carriers.

Before enhanced 911 services should be provided to customers of the wireless carriers, especially for geographic positioning technology, wireless phone customers should pay for some of the related costs. Why should the citizens of this state that do not use, and likely cannot afford, wireless phones have to pay for enhanced 911 services for the wireless carrier system? This point leads directly to the matter of cost recovery for the wireless carriers.

For all that I have learned from participating on the Task Force, the issue of cost recovery for the wireless carriers was the most perplexing lesson. Cost recovery is also an issue of equity; that is placing the wireless companies on a level playing field with wireline companies. As you know, wireline companies are regulated by the Kansas Corporation Commission (KCC), which sets tariff rates for matters related to cost recovery. The KCC establishes the rate and the period within which the wireline company can charge the tariff.

Wireless carriers are not regulated by the KCC, but they should be able to recover costs. This can be done either by charging their customers or by negotiating recovery of costs with the local governments. Negotiating cost recovery would require the wireless carriers to define their costs that are specifically related to the delivery of enhanced 911 services to the local public safety answering points. Failure to reach agreement on cost recovery for the wireless carriers through negotiations would be subject to arbitration by the Federal Communications Commission, as

stipulated by federal law. Local governments will establish the user tax at a level to meet their costs as stipulated by HB 2034.

Of primary importance to local governments is the matter of centralization. Local control for local matters is important, even for the regional aspects of public safety for travelers. The Board of Barton County Commissioners take seriously their role of accountability with direct oversight of the use of all County funds, including the use of 911 tax revenues. The Commissioners annually approve the amount of the user tax from a detailed equipment replacement plan.

Another issue of centralization concerns timely provision of services across the state and meeting economies of costs by establishing regional service centers. A centralized system would force consolidation of 911 services and that is not the right method in order to provide good public services. The Task Force addressed this issue within the discussion on consolidation (pages 7 and 8 of the report) and determined that the Kansas Association of Counties and the League of Kansas Municipalities will lead an advisory group and provide assistance to local governments concerning the benefits of regional partnerships. I believe that Barton County will look to develop partnerships with the smaller local governments in central Kansas. There is a responsibility of Barton County to ensure appropriate levels of public safety for our citizens as they travel the region.

Members of the Task Force that represented the wireless carriers stated that before they would support a bill that ended their exemption from the 911 tax, they wanted a portion of the local government's 911 revenues. The provision of such unrestricted government entitlement to a for-profit business would undermine the integrity of the work of the Task Force and HB 2034. The language in the Task Force report on cost recovery for the wireless carriers was a good faith compromise. There will be negotiations with local governments for the wireless carriers recovery of specific costs.

HB 2034, a bill concerning the delivery of emergency communications, is good public policy. The Board of Barton County Commissioners wants to provide enhanced 911 services for customers of the wireless system and will likely request that service at the Phase II stage. Barton County will work with the KAC, and other entities, to ensure an effective and efficient emergency communications system across Kansas.

I want to again thank Chairperson Brownlee, and the members of the Commerce Committee, for the opportunity to provide this written testimony and I urge the committee to support HB 2034 as written.

Testimony of  
Major R. Keith Faddis  
Deputy Chief  
Overland Park Police

House Bill 2034 and  
Senate Bill 298

February 28, 2001

Members of the Committee:

Since 1990 I have been involved in the emergency communications area of law enforcement. I have served on task forces and committees that were involved in delivering 911 service to the citizens of Johnson, Wyandotte and Leavenworth counties as well as the greater Kansas City metropolitan area. Most recently I served as a member of the Governor's Task Force on Enhanced Wireless 911.

I would like to take just a minute and make sure you understand just how 911 works and the difference between wire line and wireless enhanced 911. The 911 telephone system is complicated for the telephone companies and service providers but is very simple for the caller. When a call is placed to 911 the call goes to the telephone company central office and then to the central office housing the 911 equipment and then to the appropriate PSAP. A wireless calls goes to the Mobile Telephone switching office then to the telephone central office housing the 911 equipment and then to the appropriate PSAP.

With Basic 911 when a call is received at the Answering point the callers number is displayed for the calltaker. If the caller hangs up before speaking then the calltaker must call the telephone company to get the name and address associated to that telephone number. As enhanced 911 was installed that information appeared on a display in front of the calltaker. If the caller hung up then the dispatcher no longer had to call the telephone company. They had the information then needed to dispatch officers immediately. So what does the enhanced 911 mean to the caller? If for some reason the call was disconnected help could still be on the way. In medical cases when the caller cannot speak or disturbances when the phone was torn out of the wall or burglaries when the caller is too frightened to speak, the dispatchers still had the information and knew where to send the assistance. Because the current state of wireless 911 we cannot send any assistance to a wireless caller in any of the examples I just gave you. When a wireless 911 call comes into the psap none of the subscriber information comes with it. No name, no address and no number to call back and most important of all no location. If the caller has not given any of the information to the dispatcher we cannot recontact them.

In Overland Park over 50 percent of the 911 calls we receive are from wireless. In December of last year that figure was over 60 percent. That means that 6 out of 10 citizens who call 911 receive a lower level of service than those who call from a wire line

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Attachment 4.1



phone. Public Safety wants to be able to provide the same level of service to anyone who calls 911. That is why we have TDD devices in PSAP's. that is why we have installed 911 equipment that can capture abandoned calls. That is why we want enhanced wireless 911.

This is becoming more of an issue. Why is public safety so concerned? Perhaps some information that appeared in the November 12, 2000 edition of the Kansas City Stat may help. According to Ann Shutt, regional marketing director of Verizon wireless "there are 100 million wireless users in this country". Ms. Shutt went on to say that "some businesses have cut the cord and are using wireless as their only phone." In the same article, Phil Phillips, technology manager for Mobilfone stated "Many young single business people skip having home phones. Why pay \$40 a month for a wire phone when they are away from the apartment so much anyway?" As more people take this course the ability to locate them when they call 911 becomes more important. That is why we support HB 2034.

The Governors Task Force on Wireless E911 met several times during the past year and HB2034 contains most of the task force recommendations. The task force recommended that the 911 tax be extended to wireless and that the amount of the tax be left to local government and the county commissioners who must answer to the voters. One item that was decided very early in the meetings was that centralization of the 911 system was not desirable. It was agreed that there is not a one size fits all solution and that the governing bodies could best determine what is best for their citizens. That is how it was done when 911 was originally implemented in Kansas and it has worked well. There would also be costs associated with centralization that were unnecessary. Instead of using the 911 money to fund the system and improvements necessary some of the money would be diverted to fund another level of bureaucracy. The task force also made other recommendations that are reflected in HB2034. Those recommendations include the following: that the method of assessing the 911 tax be the same for wire and wireless, that the funds should not be segregated either by collection or expenditure, that an advisory panel be created to assist those agencies that needed assistance. In fact the Association of Public Safety Communications Officials has already started just such a group to assist PSAP in implementing wireless e 911.

The legislative Post Audit of 911 in the state of Kansas showed that 911 centers were being operated efficiently and the 911 systems in Kansas works well.

House Bill 2034 is the culmination of several months work by the Governors Task Force, members of the public safety community, representatives of local government, telephone companies including rural and independents, wireless service providers and public at large. We support House Bill 2034 over Senate Bill 298 because HB 2034 is the result of many years of work to reach an acceptable compromise with the goal of providing the best 911 service to all citizens of Kansas and we believe that HB 2034 is the best way to achieve that goal.

Monday, March 5, 2001

TO: Members of the Senate Commerce Committee  
FROM: Wireless Carriers  
RE: SB 298, Wireless E911, Concierge Services

During the hearing on Friday of last week, the question arose whether wireless carriers should be permitted cost recovery if they are able to profit from the development of enhanced 911 technology.

No wireless carrier would expend the funds required to implement E911 services merely for commercial purposes. The cost of the service will far exceed any potential revenue from a commercial application. It was in part for this very reason that the government mandated that wireless carriers upgrade their networks to provide this service to PSAPs. Having mandated that wireless carriers provide the service, it seems illogical to suggest that the carriers should not receive cost recovery because they might find some other use for the technology.

Even if wireless carriers were able to find a viable market for location services, something which is far from assured, the Committee members must realize that no commercial applications will be automatically available. The systems that will be funded by SB 298 are for the necessary upgrades to the 911 network. Any commercial application would require an entirely different set of investments before they could be offered to the public.

For example, a common suggestion from public safety interests is that wireless carriers will be able to provide directions to the nearest restaurant. Such a service, however, could only be offered if the carrier built a call center, manned with a large staff of operators, a computer data base which contained restaurant locations, and a computer system which could coordinate the two.

It is also misleading to suggest that all of the improvements funded by SB 298 will be convertible to commercial products. A large portion of these costs will be the implementation of Phase 1 E911 services (location of the cell site receiving the call and the phone number of the wireless caller). The types of services being suggested as commercial applications are unlikely to be practical at this level of accuracy.

You must have Phase 1 implemented before you can consider upgrading to Phase 2.

As for Phase 2, although there will be greater accuracy, there will still be the same limitations on the ability to roll out commercial services. The only reason to put a GPS chip in a handset is, again, the federal mandate. There is no business case today which can be made to justify the investments in new systems and new infrastructure to promote other commercial services.

If the Committee is seriously concerned that a conflict exists between funding for enhanced 911 services and the potential that a collateral commercial service might be created for the public, then the Committee could limit SB 298 to Phase 1 funding only. Because Phase 1 does not promise the types of commercial services that might be implemented under Phase 2, the Committee could limit SB 298 to Phase 1 implementation as most other states have done, and revisit the issue in two years when Phase 2 is more widely deployed.

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## Side-by-Side HB 2034 and SB 298

	HB 2034	SB 298
<u>Administration</u>	Local tax rate, maximum of \$.75, determined by local governing body.  Page 2, line 42.	Statewide tax rate, maximum of \$.50, determined by state administrator in consultation with advisory board.  Page 2, line 18.
	Service provider collects tax and remits to local governing body Page 5, line 3.	Service provider collects tax and remits to state administrator. Page 2, line 28.
	Service provider retains 2% administrative fee. Page 5, line 6.	Service provider retains up to 2% administrative fee. Page 2, line 30.
<u>Tax Jurisdiction</u>	Customer billing address. Page 4, line 8.	Same. Page 2, line 19.
<u>Liability Protection</u>	Included.  Page 7, line 9.	Included. Slightly different language. Page 5, line 27.
<u>Proprietary Information</u>	Protected.  Page 5, line 37.	Protected. Slightly different language. Page 5, line 23.
<u>Implementation of Wireless E911 Service</u>	County-by-county at the discretion of the local governing body. Page 6, line 37.	Statewide at the discretion of state administrator. Page 3, line 17.
<u>Advisory Board</u>	14 members. Selected by various agencies, associations, industry. available to assist the local governing boards. Page 2, line 38.	11 Members appointed by the governor. Consults with state administrator.  Page 7, line 33.
<u>Technology mandate</u>	None.	None.
<u>Cable Telephony</u>	Included.	Silent.
<u>Wireless Provider Cost Recovery</u>	At the discretion of the local governing body subject to negotiation. Page 5, line 11.	Eligibility of costs determined by state administrator in consultation with advisory board. Page 4, line 3.