

2013 SENATE FINANCE AND TAXATION

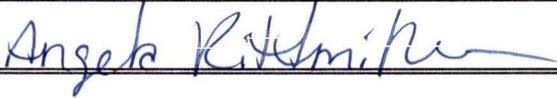
SB 2261

2013 SENATE STANDING COMMITTEE MINUTES

Senate Finance and Taxation Committee Lewis and Clark Room, State Capitol

SB 2261
1/30/213
Job Number 17959

Conference Committee

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|---------------------------|--|
| Committee Clerk Signature |  |
|---------------------------|--|

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to create and enact two new sections to chapter 57-40.6 of the North Dakota Century Code, relating to the creation of a prepaid wireless emergency 911 fee; to amend and reenact section 57-40.6-01, subsection 1 of section 57-40.6-02, sections 57-40.6-03, 57-40.6-08, and 57-40.6-13 of the North Dakota Century Code, relating to prepaid wireless services and limitation of liability for prepaid wireless service providers or sellers; and to provide an effective date.

Minutes:

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| Testimony Attached |
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Chairman Cook opened the hearing on SB 2261.

Emily Thompson, Tax Department provided an overview of SB 2261. See attachment 1.

Senator Triplett - Do you know how much is expected to be collected from the new fee?

Emily Thompson - The estimate is \$1 million for the 2013-15 biennium, and that is the anticipated additional revenue that will be coming in for these prepaid 911 fees.

Senator Dotzenrod - How will the amount of funds to each unit be determined?

Emily Thompson - The way that section is worded the money simply goes to the joint powers entity, how they choose to divide that up is not outlined in the bill.

Senator Burckhard - How do you audit something like this if I'm a prepaid wireless customer buying it online?

Emily Thompson - Online sales can be a little trickier to audit.

Todd Kranda, Kelsh Law Firm, behalf of Verizon Wireless - Spoke of entities and organizations they have met with to make this bill as good as it can be to work for everyone.

Senator Burckhard - Is there a lot of room for error when you've got hundreds of retailers who have some or no knowledge about telecommunications imposing a 2% fee, it just seems like, not that they aren't qualified, but they sell gadgets and washing machines and

everything and now they are going to figure out and apply a 2% fee on telecommunications prepaid services, it seems complicated.

Todd Kranda - This is a direction that prepaid is growing. I think the bill establishes a fair allocation to his retailers with that first quarter retention and then the additional percentage of recovery for continuously handling and remitting. I think the systems are sophisticated, that they can preprogram and establish the appropriate withholding and the filings on the forms that are being completed by the tax department.

Senator Triplett - If we are showing \$1 million in the next biennium which is actually $\frac{3}{4}$ of a biennium, then the fiscal note should probably also say for the 2015-17 biennium we would expect about \$1.3 million for a full biennium assuming no increase, so my question is, what is the trend line in terms of these prepaid wireless encroaching on the market and would we expect it actually to be more than that in the next biennium?

Todd Kranda - I was not involved in the preparation of the fiscal note but I think I would agree. Nancy or Cheryl can explain the trend line where prepaid is growing at a larger portion of the market.

Nancy Riedel, Director of State Tax Policy, Verizon Wireless - See attached testimony 2.

Cheryl Riley, AT&T - Handed out a map of states who have adopted prepaid point of sale (attachment 3).

Senator Triplett - You talked about the increase in prepaid wireless versus postpaid wireless, could you give us a summary of how much is wireless compared to landline for example so we can analyze that in a larger picture.

Cheryl Riley had a handout with that information, attachment 4.

Mike Dannenfelzer, Bismarck/Burleigh Combined Communications Center - See attached testimony 5 in favor of SB 2261.

Chairman Cook - The bill puts the responsibility of distributing this money to the governing joint powers entity. Are you telling me that decision then would actually be made in the subcommittee called Strategic Technology Planning Subcommittee?

Mike Dannenfelzer - Correct.

Chairman Cook - Are you saying they could just keep the money to help implement some of the things that they have to do?

Mike Dannenfelzer - That's correct.

Chairman Cook - And that it won't go out to the counties.

Mike Dannenfelzer - Correct.

Chairman Cook - Is that most likely what's going to happen?

Mike Dannenfelzer - Most likely yes because the ability to do the allocated funds that are collected on a statewide basis on prepaid are very problematic because most of the sales are going to occur in the larger cities where the retailers are located.

Chairman Cook - I understand you can call 911 now with your cell phone and you can video that and it will show up at the PSAP (public safety answering point). Do we have PSAP's here that can handle that type of video?

Mike Dannenfelzer - To date, no we do not. We are working in that direction.

Chairman Cook - How expensive is that?

Mike Dannenfelzer - That is a difficult ballpark to give you. For the most part the network services are probably going to be initially in the few millions and then ongoing maintenance with the cost after that.

Chairman Cook - It would be a real benefit to law enforcement, rather than calling 911 and saying we have a robbery going on, they can say this is what the guy looks like and the car he's driving.

Senator Oehlke - How many 911 jurisdictions are in the state?

Mike Dannenfelzer - There are 55.

Terry Traynor, ND Association of Counties - See attached testimony 6 in favor of SB 2261.

Senator Triplett - What would you think of the idea of passing this first bill but adding a piece of what Chairman Cook is suggesting which is to say it would be a onetime state general fund appropriation to get folks on to the next generation 911 quickly and promptly without having to wait for this to ramp up to that couple of million dollars or whatever.

Terry Traynor - There was discussion of the 911 community coming in and asking for a state appropriation for next generation. It came along about the same time as this bill and we said well, maybe this is a way to start that. We would like to say that \$2 million, \$4 million could be appropriated to get us over the hump.

Jon Godfread, Greater North Dakota Chamber of Commerce - See attached testimony 7 in favor of SB 2261.

Bruce Strinden, Morton County Commission - I think this bill has a great deal of fairness in it with regards to the other communications companies. In general we feel the system as it is right now works very well with the tax on the devices themselves and we support this bill.

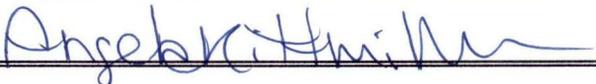
Chairman Cook closed the hearing on SB 2261.

2013 SENATE STANDING COMMITTEE MINUTES

Senate Finance and Taxation Committee Lewis and Clark Room, State Capitol

SB 2261
2/4/2013
Job Number 18227

Conference Committee

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| Committee Clerk Signature  |
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Explanation or reason for introduction of bill/resolution:

A BILL for an Act to create and enact two new sections to chapter 57-40.6 of the North Dakota Century Code, relating to the creation of a prepaid wireless emergency 911 fee; to amend and reenact section 57-40.6-01, subsection 1 of section 57-40.6-02, sections 57-40.6-03, 57-40.6-08, and 57-40.6-13 of the North Dakota Century Code, relating to prepaid wireless services and limitation of liability for prepaid wireless service providers or sellers; and to provide an effective date.

Minutes:

| |
|----------------|
| Committee Work |
|----------------|

Chairman Cook opened discussion on SB 2261.

Chairman Cook - SB 2262 has the \$20 million appropriation in it. That one eliminates the fees.

Vice Chairman Campbell - I strongly oppose this from constituents. They are very concerned because of losing local control, always having to be dependent on us and if the oil money goes away where are they going to be at.

Chairman Cook - The bill doesn't do anything with local control, it just replaces a money stream.

Senator Miller - I had an amendment drafted and floated it around a little. The whole point was to give them some kind of permanent funding stream, they didn't seem to like that either.

Chairman Cook - I guess the question is, we have 2 solutions here, one is a point of sale, it's got it's pluses and minuses, it leaves on the table the administrative burden of collecting the tax whether it's on the Telecom company or on the local government we have that burden there. There's not a doubt in my mind the most efficient way is to just eliminate that burden and come out with a general fund. That is the simplest way but that's going to come with its obstacles too. If there's not any appetite at all to move forward with taking the 911 fees off the table, to me I'm intrigued with the idea of being the only state that finally starts doing it right.

Senator Miller - I generally agree with you, I don't like the idea of raising taxes. Some people are in a loophole and not paying their tax and we are going to try to put it on them. I like this idea just; it's really frustrating when there's kind of a brick wall out there, just no idea for change.

Senator Dotzenrod - I don't know how the other districts have been affected by the behavior of the state over the last 10 years or so but we've had a lot of trouble in the rural areas of my district with the emergency money for FEMA projects and to get the money to the townships and get them into the subdivisions where they have had to hire contractors and put in culverts and haul gravel. We've had projects where the federal inspectors came out and approved it and said fine go ahead and pay the money, and the state comes along and stops it and says it's not good enough and we need more data. I know it's a whole different bureaucracy there, a lot of those people are retired Army Guard that are doing the duty out there in the country, but it's created a lot of suspicion about who's side is the state on. You've got subdivisions that don't have a lot of sophisticated administrative people on their staff and when they are strapped for money and they can get the FEMA money approved at the federal level but then stopped, we aren't sure what caused that, I've had many meetings to try to get to the bottom of it and try to find out why is the state doing that. When I've had discussions with my county people back home, they are worried the state has not acted in a good faith manner as far as they are concerned when it comes to emergencies and trying to help people out. There is a question about, when we get into a jam and we need help and the state is saying don't worry, trust us we'll take care of you, based on the experiences they've had, they are suspicious.

Chairman Cook - This is different than FEMA though.

Senator Dotzenrod - This is not the same as FEMA but you're talking about things that relate to state radio emergency services. Their different than FEMA and they aren't the same system, but the question is, the state's sensibility about what their roll would be if there got to be a situation where the subdivision needed some help and needed a service and the state may not be there in the manner that people would expect.

Senator Burckhard - I would be in favor if this bill because I think as I recall they talked about it's somewhat of a fairness issue. The prepay wireless people don't seem to be paying it and the post pay wireless are paying it. I know the Telco's are in favor of getting rid of this fee because it's just another fee that they have to force on to the rate payers and the payers always think it's the telephone companies bill that's causing it to go higher.

Chairman Cook - It's a \$20 million tax deduction on just about everybody. There aren't too many people who aren't paying per line.

Senator Triplett - Whether we put it out of the general fund or on a fee, it's going to be tax dollars paying it one way or the other. It's just which particular tax dollars, but I get your point that it's not quite as noticeable possibly. I would be opposed to this bill (SB 2262) for the same reasons that other people have mentioned in terms of loss of local control and I think it does really change the notion of local control.

Senator Oehlke - On SB 2262, I would not be in favor of it for a couple reasons. I don't believe in to the future the \$20 million would be enough. I'm thinking about some of the things that Senator Dotzenrod said relative to the dealings with roads and state help. We've done a lot of that in the last couple of years. We've got a \$6 million sty pin during the special session. The idea was that we'd be able to get in there and agree with FEMA and agree with the state and get the roads done in a hurry. You know how much money has been spent out of that so far, \$400,000 out of \$6 million. It's a constant battle between the county and the townships. (12:50)

Senator Oehlke then explained how locals know the areas and can give better directions in emergency situations rather than a centralized center.

Chairman Cook - There is nothing in this bill that says anything about for centralized location.

Vice Chairman Campbell - Just a comment on SB 2261, I do support. One more comment on SB 2262. I personally would save a lot of money on this one. Between cell phones, over 100 bills that we pay which is a lot of money. So I'm overlooking myself serving interest to the community after hearing the constituents, it gave me a little different perspective.

Senator Miller - I'll move a **Do Pass** and **re-refer to Appropriations**. (SB 2261)

Seconded by **Senator Burckhard**.

Roll Call Vote 7-0-0

Carried by **Senator Miller**.

FISCAL NOTE
Requested by Legislative Council
01/21/2013

Bill/Resolution No.: SB 2261

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

| | 2011-2013 Biennium | | 2013-2015 Biennium | | 2015-2017 Biennium | |
|----------------|--------------------|-------------|--------------------|-------------|--------------------|-------------|
| | General Fund | Other Funds | General Fund | Other Funds | General Fund | Other Funds |
| Revenues | | | | \$1,000,000 | | |
| Expenditures | | | | | | |
| Appropriations | | | | | | |

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

| | 2011-2013 Biennium | 2013-2015 Biennium | 2015-2017 Biennium |
|------------------|--------------------|--------------------|--------------------|
| Counties | | | |
| Cities | | | |
| School Districts | | | |
| Townships | | | |

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

SB 2261 creates a prepaid wireless emergency 911 fee.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 4 of SB 2261 imposes a prepaid wireless emergency 911 fee of 2% of gross receipts from all sales of prepaid wireless services in the state. Section 5 authorizes the creation of the prepaid wireless emergency 911 fee fund.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

If enacted, SB 2261 is expected to increase revenues in the prepaid wireless emergency 911 fee fund by an estimated \$1 million in the 2013-15 biennium.

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

Name: Kathryn L. Strombeck

Agency: Office of Tax Commissioner

Telephone: 328-3402

Date Prepared: 01/29/2013

Date: 2-4-13
 Roll Call Vote #: 1

**2013 SENATE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 2261**

Senate Finance & Taxation Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
 Rerefer to Appropriations Reconsider

Motion Made By Senator Miller Seconded By Senator Burckhard

| Senators | Yes | No | Senator | Yes | No |
|----------------------------|-----|----|-------------------------|-----|----|
| Chairman Dwight Cook | X | | Senator Jim Dotzenrod | X | |
| Vice Chairman Tom Campbell | X | | Senator Connie Triplett | X | |
| Senator Joe Miller | X | | | | |
| Senator Dave Oehlke | X | | | | |
| Senator Randy Burckhard | X | | | | |
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Total (Yes) 7 No 0

Absent 0

Floor Assignment Senator Miller

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

SB 2261: Finance and Taxation Committee (Sen. Cook, Chairman) recommends DO PASS and BE REREFERRED to the Appropriations Committee (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SB 2261 was rereferred to the Appropriations Committee.

2013 SENATE APPROPRIATIONS

SB 2261

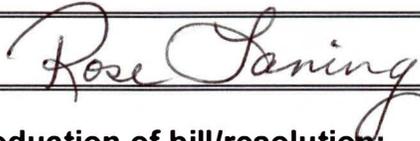
2013 SENATE STANDING COMMITTEE MINUTES

Senate Appropriations Committee Harvest Room, State Capitol

SB 2261
February 11, 2013
Job #18658

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Relates to the creation of a prepaid wireless emergency 911 fee.

Minutes:

Testimony attached # 1-2

Senator Holmberg opened the hearing on SB 2261.

Todd Kranda - Representing Verizon - In support, see written testimony. (1)

He explains the fiscal note and that these are monies they believe will be generated and new, brought in and should be paid and should have been paid but isn't being collected for the prepaid. He explains the transition program for retailers.

Levi Andrist, Vogel Law Firm - Representing ATT - He says this bill is a result of negotiated efforts with the retailers, marketers, Tax Dept., Association of Counties, and wireless providers. He relates that there was no opposition to this bill in committee. He says this bill fills a gap that is currently growing in ND because of the transient population in western ND. He explains the existing policy in 911 emergency services and that 19% of the total wireless subscribers are prepaid customers. He says this is a fair and equitable way to ensure that all telecommunication users who benefit from 911 services across the State are paying into that system.

Mike Rud - ND Petroleum Marketers and Retail Association - In support and believes the burden of this bill in terms of collection and remittance will fall on retailers and the convenience people at the stores. He said there is an amazing amount of pre-paid services that are being sold right now especially in western ND. Senator Holmberg asks him about a pre-paid wireless card.

Jon Godfreed - Greater ND Chamber of Commerce - See written testimony (2)

Emily Thompson - ND State Tax Dept. - She explains retail transactions and internet sales. (13:31)

Senator Bowman asks if the fees for taxes on home phones and cell phones can be combined.

Ms. Thompson replies that this would be a separate fee, whether it would reduce your current fee would be up to the county.

Senator Warner asks if a card is purchased with a Texas credit card mailed to a ND address how is that tracked, who is the responsible party.

Ms. Thompson replies that in that situation the company that shipped the prepaid minute card to ND and the company that shipped it also had some type of Nexus to ND then the 911 fee should be remitted on that purchase. She explains more on Nexus.

Chairman Holmberg closed the hearing on 2261

Senator Krebsbach motions a do pass

Senator Wanzek seconded

Vote - yes 12, no 0, absent 1

This bill goes to Finance and Tax where Senator Miller will carry the bill

Requested testimony submitted later

Attachment #3 - Office of the State Tax Commissioner - from Emily Thompson

FISCAL NOTE
Requested by Legislative Council
01/21/2013

Bill/Resolution No.: SB 2261

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

| | 2011-2013 Biennium | | 2013-2015 Biennium | | 2015-2017 Biennium | |
|----------------|--------------------|-------------|--------------------|-------------|--------------------|-------------|
| | General Fund | Other Funds | General Fund | Other Funds | General Fund | Other Funds |
| Revenues | | | | \$1,000,000 | | |
| Expenditures | | | | | | |
| Appropriations | | | | | | |

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

| | 2011-2013 Biennium | 2013-2015 Biennium | 2015-2017 Biennium |
|------------------|--------------------|--------------------|--------------------|
| Counties | | | |
| Cities | | | |
| School Districts | | | |
| Townships | | | |

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

SB 2261 creates a prepaid wireless emergency 911 fee.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 4 of SB 2261 imposes a prepaid wireless emergency 911 fee of 2% of gross receipts from all sales of prepaid wireless services in the state. Section 5 authorizes the creation of the prepaid wireless emergency 911 fee fund.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

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- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

Name: Kathryn L. Strombeck

Agency: Office of Tax Commissioner

Telephone: 328-3402

Date Prepared: 01/29/2013

Date: 2-11-13

Roll Call Vote # 1

2013 SENATE STANDING COMMITTEE
ROLL CALL VOTES

BILL/RESOLUTION NO. 2261

Senate Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken _____

Motion Made By Krebsbach Seconded By Wanzek

| Senators | Yes | No | Senator | Yes | No |
|------------------------------|-----|----|-------------------------|-----|----|
| Chariman Ray Holmberg | ✓ | | Senator Tim Mathern | ✓ | |
| Co-Vice Chairman Bill Bowman | ✓ | | Senator David O'Connell | ✓ | |
| Co-Vice Chair Tony Grindberg | A | | Senator Larry Robinson | ✓ | |
| Senator Ralph Kilzer | ✓ | | Senator John Warner | ✓ | |
| Senator Karen Krebsbach | ✓ | | | | |
| Senator Robert Erbele | ✓ | | | | |
| Senator Terry Wanzek | ✓ | | | | |
| Senator Ron Carlisle | ✓ | | | | |
| Senator Gary Lee | ✓ | | | | |
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Total (Yes) 12 No 0

Absent 1

Floor Assignment F+T Miller

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

SB 2261: Appropriations Committee (Sen. Holmberg, Chairman) recommends DO PASS
(12 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). SB 2261 was placed on the
Eleventh order on the calendar.

2013 HOUSE FINANCE AND TAXATION

SB 2261

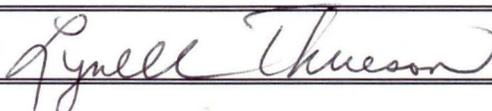
2013 HOUSE STANDING COMMITTEE MINUTES

House Finance and Taxation Committee
Fort Totten Room, State Capitol

SB 2261
March 12, 2013
Job #19778

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A Bill relating to the creation of a prepaid wireless emergency 911 fee; relating to prepaid wireless services and limitation of liability for prepaid wireless service providers or sellers.

Minutes:

Attached testimony #1, 2, 3, 4

00:10 Senator Cook: Introduced bill. This bill deals with prepaid calling cards and their ability to escape 911 fees. This is a point of sale bill. It will capture the tax when the prepaid calling card is sold. I am in support of this bill.

02:14 Emily Thompson, Legal Counsel for the North Dakota Office of State Tax Commissioner: We are here to testify in a neutral capacity and give a technical explanation of the provisions of the bill because we worked with Senator Cook to draft this bill. See attached testimony #1.

14:50 Representative Drovdal: How do we determine which governing board would get the 911 fees?

15:08 Emily Thompson: We had discussion with the Association of Counties and we decided to go with the joint powers entity because all 53 counties have signed onto the joint powers agreement.

16:05 Representative Drovdal: How do we deal with all of these cell phones we have out there from out of state? Is there any way we can track these?

16:40 Emily Thompson: Currently your current address doesn't always coincide with your phone number. Anyone that has a prepaid phone who is buying the minute cards, those would now be covered under this fee.

17:56 Representative Froseth: What about automobile phones like On Star where you can order additional minutes?

Emily Thompson: On Star is referred to telematics service. If you call a service provider and then they call 911 for you, this isn't applicable to the fee.

19:23 Representative Kelsh: Is there something on the Minnesota side that is going to make it fair for ND since we are contributing more from the funding and collecting more from these prepaid cards? Are other states doing this? How can we make this fair to ND if we can't collect it on the Minnesota side?

20:08 Emily Thompson: Currently I don't believe the law has passed for these prepaid wireless fees in Minnesota. We are just looking at North Dakota.

Chairman Belter: Further testimony in support?

20:48 Todd Kranda, Attorney with Kelsch Law Firm: This is crafted after a model legislation that NCSL has put together. A group of people from Telecommunication, the Association of Counties, the marketer's retailers, and the tax department and in communication with the Treasurer's office have gotten together. This is not a new tax. It is a bill to fix a gap in the system to recover a fee that's already being imposed and not paid. We are in support of this bill.

23:26 Chairman Belter: Further testimony?

23:30 Nancy Riedel, Verizon Wireless Tax Policy: This has been an ongoing effort among all the other states that we have been working on this legislation for the past four or five years. We support this bill. See attached testimony #2.

25:29 Cheryl Riley, Director of External Affairs with AT&T: We are supportive of this legislation. Twenty-four percent of the market nationwide is prepaid. This is expected to grow. See attached testimony #3.

26:36 Chairman Belter: Are the "Obama phones" prepaid or part of a service contract?

Cheryl Riley: I would imagine they are both but I think they would lean towards the prepaid because of not having the monthly obligation.

27:27 Jon Godfread, Greater North Dakota Chamber: We stand in support of SB 2261 in regards to the fairness issue. Should the 911 fee be charged to consumers, then a level playing field is required. See attached testimony #4.

27:55 Representative Owens: I received emails from his group with support of this bill and will provide a copy to the clerk.

Chairman Belter: Further testimony in support?

Representative Owens: I move a Do Pass on SB 2261. Seconded by Representative Dockter.

Do Pass Roll call vote: Yes = 11
No = 0
Absent = 3

House Finance and Taxation Committee

SB 2261

March 12, 2013

Page 3

Carrier: Representative Hatlestad

Hearing closed.

FISCAL NOTE
Requested by Legislative Council
01/21/2013

Bill/Resolution No.: SB 2261

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

| | 2011-2013 Biennium | | 2013-2015 Biennium | | 2015-2017 Biennium | |
|----------------|--------------------|-------------|--------------------|-------------|--------------------|-------------|
| | General Fund | Other Funds | General Fund | Other Funds | General Fund | Other Funds |
| Revenues | | | | \$1,000,000 | | |
| Expenditures | | | | | | |
| Appropriations | | | | | | |

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

| | 2011-2013 Biennium | 2013-2015 Biennium | 2015-2017 Biennium |
|------------------|--------------------|--------------------|--------------------|
| Counties | | | |
| Cities | | | |
| School Districts | | | |
| Townships | | | |

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

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3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

If enacted, SB 2261 is expected to increase revenues in the prepaid wireless emergency 911 fee fund by an estimated \$1 million in the 2013-15 biennium.

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

Name: Kathryn L. Strombeck

Agency: Office of Tax Commissioner

Telephone: 328-3402

Date Prepared: 01/29/2013

Date: 3-12-13
Roll Call Vote #: 1

2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2261

House Finance and Taxation Committee Taxation

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
 Rerefer to Appropriations Reconsider

Motion Made By Rep. Owens Seconded By Rep. Darter

| Representatives | Yes | No | Representatives | Yes | No |
|------------------------------|-----|----|---------------------|-----|----|
| Chairman Wesley Belter | ✓ | | Rep. Scot Kelsh | AB | |
| Vice Chairman Craig Headland | ✓ | | Rep. Steve Zaiser | AB | |
| Rep. Matthew Klein | ✓ | | Rep. Jessica Haak | ✓ | |
| Rep. David Drovdal | ✓ | | Rep. Marie Strinden | AB | |
| Rep. Glen Froseth | ✓ | | | | |
| Rep. Mark Owens | ✓ | | | | |
| Rep. Patrick Hatlestad | ✓ | | | | |
| Rep. Wayne Trottier | ✓ | | | | |
| Rep. Jason Dockter | ✓ | | | | |
| Rep. Jim Schmidt | ✓ | | | | |
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| | | | | | |

Total (Yes) 11 No 0

Absent 3

Floor Assignment Rep. Hatlestad

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

SB 2261: Finance and Taxation Committee (Rep. Belter, Chairman) recommends **DO PASS** (11 YEAS, 0 NAYS, 3 ABSENT AND NOT VOTING). SB 2261 was placed on the Fourteenth order on the calendar.

2013 TESTIMONY

SB 2261

**TESTIMONY OF THE OFFICE OF STATE TAX COMMISSIONER
BEFORE THE
SENATE FINANCE AND TAXATION COMMITTEE**

**SENATE BILL 2261
JANUARY 30, 2013**

Chairman Cook, members of the Senate Finance and Taxation Committee, my name is Emily Thompson, Legal Counsel for the North Dakota Office of State Tax Commissioner. I am here today on behalf of Tax Commissioner Cory Fong to provide a technical explanation of Senate Bill 2261.

CURRENT LAW

Under the current law, found within chapter 57-40.6 of the North Dakota Century Code, the governing body of a county or city may elect to impose a fee on assessed communications services. Assessed communication services are any communication connection between a billed customer and a service provider network that allows the user to dial 911. Currently, assessed communication services include land lines, wireless lines, VoIP services, and active prepaid wireless services. Each communication connection is uniquely identifiable by a number, internet address, or other designation.

The fee per communication connection may not exceed \$1.50 per month. The purpose of the fee is to fund emergency services communications systems which are in place to provide rapid public accesses to coordinated law enforcement, fire, medical, or other emergency services. The assessed communications service provider (hereinafter “provider”) collects the fee from the customer. For customers receiving monthly billings for communication services, the fee is separately stated on the customer’s invoice. For customers utilizing prepaid wireless services, either the fee amount (or an equivalent number of minutes) may be deducted from the customer’s account or the fee may be collected as a two percent assessment on the gross revenue received from the sale.

The fee is remitted by the provider to the appropriate governing body where it is then deposited into a separate fund. Proceeds of the fee may only be used for implementing, maintaining, or operating the emergency services communication system. The Tax Department is

not involved in the collection or distribution of the fee proceeds on assessed communication services (hereinafter “assessed communications fee”).

PROPOSED CHANGE TO THE LAW

Senate Bill 2261 would change the current system by creating a new section in the Century Code relating to the imposition of a prepaid wireless emergency 911 fee (hereinafter “prepaid 911 fee”). Any reference to prepaid wireless services is thus stricken from the language pertaining to the assessed communications fee. The assessed communications fee will continue to apply to assessed communications such as land lines, wireless lines, and VOIP services and will be collected and remitted in the same manner as it currently is. The fee will simply no longer apply to prepaid wireless services.

The fee that will apply to prepaid wireless services will be imposed at a rate of two percent on the gross receipts of all retail sales of prepaid wireless services in the state. The fee will be collected from the customer by the seller and remitted to the Tax Department. All fee proceeds received by the Tax Department will then be remitted to the State Treasurer for deposit into the newly created Prepaid Wireless Emergency 911 Fee Fund. The Treasurer, no less than quarterly, shall pay over the revenue from the fund to the governing joint powers entity established to implement the emergency communications system.

EXPLANATION OF THE BILL

Section 1 – Definitions

This section has been included to add, remove, and amend the necessary definitions relating to the newly created prepaid wireless emergency 911 fee.

Section 2 – Imposition of Assessed Communications Fee

The amendments to this section ensure that prepaid wireless services will not be subject to a duplicative fee by removing the phrase “active prepaid wireless service” from the definitional language of “assessed communication services” and adding an additional sentence specifically exempting prepaid wireless services from any fee that may be imposed on assessed communication services through a governing body resolution pursuant to 57-40.6-02.

Section 3 – Collection of Assessed Communications Fee

The amendments to this section remove the language referencing prepaid wireless services from the collection provisions relating to the assessed communications fee.

Section 4 – Imposition of Prepaid 911 Fee

Section 4 creates a new section to chapter 57-40.6 which addresses the imposition and collection provisions for the newly created prepaid 911 fee. This section contains the following elements:

- 1) A two percent fee on the gross receipts of sellers from all retail sales of prepaid wireless services in this state.
 - Retail transactions made in person in the state shall be treated as occurring in this state and any other retail transactions, such as online sales, shall be treated as occurring in this state if the transaction would be sourced to this state under the provisions of chapter 57-39.4.
 - The fee is collected by the seller and remitted to the Tax Department.
 - Any seller required to collect and remit the fee must register with the Tax Department.
 - The fee does not apply to purchases made by consumers entitled to an exemption under specified sections of the Century Code.
- 2) The seller shall collect the fee from the consumer and shall separately state, or otherwise disclose, the amount of the fee to the consumer.
- 3) The consumer is liable for paying the fee and the seller is liable to remit all collected fees.
- 4) If the fee is separately stated on a document provided to the consumer, then the fee may not be included in the base for measuring any other tax or fee.
- 5) If the prepaid wireless service is sold with other products for a single, non-itemized price, the two percent fee shall apply to the entire purchase price unless the seller elects to disclose or identify the portion of the price attributable to the prepaid wireless service. In that instance, only the portion of the charge for the prepaid wireless service is subject to the two percent fee.

- 6) A seller may elect not to collect the two percent fee if the prepaid wireless service that accompanies a prepaid wireless device is of a minimal amount. (i.e. 10 minutes or less or \$5.00 or less)
- 7) Any administrative provisions of the sales tax chapter of the Century Code, not inconsistent with the provisions of this chapter, shall apply.
- 8) A separate prepaid 911 fee return shall be remitted by the seller. If the seller is a retailer under chapter 57-39.2 the return may be remitted at the same time the retailer is required to remit sales and use tax returns.
 - o The seller shall retain one hundred percent of the fee collected for the first three months as compensation for collecting the fee and thereafter shall retain three percent of the fee.

Section 5 – Allocation of Prepaid 911 Fee Proceeds

Section 5 creates a new section to chapter 57-40.6 which addresses the allocation provisions relating to prepaid 911 fee proceeds. This section contains the following elements:

- The fee must be paid to the Tax Department and thereafter remitted to the State Treasurer monthly.
- The Treasurer shall transfer the fee revenue into the newly created Prepaid Wireless Emergency 911 Fee Fund.
- The Treasurer, no less than quarterly, shall pay over the revenue from the fund to the governing joint powers entity established to implement the emergency communications system.
- The proceeds from the fee shall be used for the implementation, maintenance, or operation of the emergency services communications system.

Section 6 – Limitation on Liability Regarding 911 Service

The amendment within this section provides for the same limited liability provisions applicable to assessed communications services to apply to prepaid wireless service providers or sellers.

Section 7 – Limitation on Liability Regarding Cooperation with Law Enforcement

The amendment within this section addresses call location provision requirements for prepaid wireless sellers or providers and provides for liability limitations for prepaid wireless sellers or providers.

Section 8 – Effective Date

This section provides for a delayed effective date of January 1, 2014 for purposes of educating the sellers or providers of prepaid wireless services on how to collect and remit the prepaid 911 fee.

CONCLUSION

I thank you for your time this morning and would be happy to respond to any questions you may have.

Testimony in Support of SB 2261

Nancy Riedel, Director State Tax Policy, Verizon

Senate Finance & Taxation Committee

January 30, 2013

Chairman Cook, Vice Chairman Campbell and members of the Committee, thank you for the opportunity to testify today. I am testifying in support of SB 2261 that would codify national model legislation for collection of 911 fees on prepaid wireless service at the point of sale.

With the rapid growth of prepaid wireless service, it is important that a collection methodology be adopted that brings parity between prepaid and postpaid consumers while efficiently and effectively collecting the 911 fees that are currently imposed in North Dakota.

How Prepaid Wireless Differs from Postpaid Wireless

Prepaid wireless service allows customers to pay in advance for a fixed number of minutes, or use of unlimited minutes for a fixed time period. Since customers pay in advance, there is no need to run a credit check on the purchaser and there is no need for the customer to sign a contract for a fixed term of service. This service has proven very popular with credit-challenged consumers as well as those who do not want to be locked into a long-term service contract.

Traditional postpaid wireless service is sold directly by the wireless service provider, or its agent, to the consumer. Consumers are billed monthly and must pay that monthly bill, including taxes and fees, in order to receive service. Under federal and North Dakota law, the wireless provider must receive and record the address for each user's "place of primary use" which is the residential street address or business location where the use of the wireless service primarily occurs. For this reason, the wireless provider has a straightforward mechanism to determine the location where the service should be

subject to taxation and a billing mechanism to collect the fee from the user and remit it to the proper agency.

Prepaid wireless service is marketed and sold differently. The initial purchase of prepaid service typically includes a phone bundled with a fixed number of minutes for a single price. When those minutes are exhausted, the customer has several options to 'recharge' their minutes, including purchasing cards at third party retail stores (which encompass 70-80% of prepaid wireless sales), directly at a wireless provider's retail store or on the wireless provider's website.

The card includes a phone number and a code that the purchaser uses to add the minutes to the phone. It is important to note that the customer – and not the retailer – adds the minutes to the customer's phone and there is no need for the prepaid provider to know where the customer lives or where the recharge card was purchased.

What Are the Problems With the Current Law?

Current North Dakota law provides that the legal incidence of the 911 fee is on the customer. However, the practical effect of the law for most prepaid wireless providers is that the provider ends up paying the fee because in most transactions, the prepaid provider has no way to collect the fee from the customer. In third party transactions, the prepaid provider sells the recharge cards to the retailer at wholesale and never receives money from the consumer.

Some have suggested that the cost of the fee could be built into the wholesale price of the service. However, such a practice will not work because prepaid wireless cards are sold in bulk in a national marketplace at nationally negotiated prices, and are purchased and distributed nationally by major retail chains. The prepaid provider has no way of knowing in which state the cards will ultimately be sold. Since monthly 911 fees vary across the states, from \$0 in Missouri to \$2.50 in Chicago or Atlanta, it is impossible to

set a single uniform national price without requiring customers in states with no or low 911 fees to subsidize customers in states with high 911 fees.

Current North Dakota law contains legal ambiguities that hinder compliance and may result in revenues that are lower than what would otherwise be expected. In most transactions, the prepaid provider does not know the customer address and may not have the operational or technological capabilities to accurately determine which subscribers meet the legal requirement for remitting the prepaid fees. The current law states:

57-40.6-03. Payment of fee by assessed communications service subscriber or customer.

The assessed communications service provider shall collect the fee from the subscriber or customer of the service.

1. For prepaid wireless service, the provider shall remit the monthly fee authorized by section 57-40.6-02 based either upon each active prepaid wireless telephone associated with this state for each active prepaid wireless telephone customer that has a sufficient positive balance as of the last day of each month or upon a two percent assessment on the gross revenue received from the sale of prepaid wireless services each month. The provider shall remit the fee in a manner consistent with the provider's existing operating or technological abilities, including by customer address, location associated with the wireless telephone number, or reasonable allocation method based upon other relevant data. The fee amount or an equivalent number of minutes may be reduced from the prepaid customer's account. However, collection of the fee in the manner of a reduction of value or minutes from the prepaid customer's account does not constitute a reduction in the sales price for purposes of taxes that are collected at the point of sale.

Origin of the Prepaid 911 Point-of-Sale Model Bill

The problems outlined in the current law are not unique to North Dakota. There has been a longstanding acknowledgement by the wireless industry and public safety that the current prepaid wireless 911 fee collection methods, which are based on the postpaid wireless model, are not working. When the current methodology was first adopted in states 10 years ago, prepaid wireless was a very small portion of the overall wireless market that there was little focus on finding a solution. However, in 2007, the wireless industry recognized that the growth in popularity of prepaid wireless required a new urgency to develop a workable methodology to collect 911 fees from prepaid users.

2

The industry reached out to both the public safety community and our retail partners to develop a fair, uniform, and effective system for collecting 911 fees. The wireless industry spent a year working with these groups to develop a proposal to collect fees at the point of sale while minimizing new costs and burdens on retailers. This resulted in model legislation that was endorsed by the National Conference of State Legislatures (NCSL) in July 2009.

National Trends in the Prepaid Market

Prepaid wireless has been the fastest growing segment of the fast-growing wireless industry for the past two years. According to CTIA—The Wireless Association:

- Prepaid subscribers are now 21.6% of all wireless subscribers, up from 16% in 2007;
- There are now over 71 million prepaid wireless subscribers, an increase of 23 million subscribers between December 2008 and December 2011;
- Almost half of all new subscribers added during the last six months were prepaid subscribers. Prepaid wireless service is growing at an annual rate of 10-15%, significantly faster than the 5% growth rate of traditional postpaid service.

Clearly, the growth in the prepaid marketplace makes it very important that states adopt legislation to ensure that prepaid wireless 911 subscribers contribute their proportional share. The attached table shows the status of the bill in legislatures throughout the country; twenty-six states have currently adopted the NCSL model act.

Key Provisions of SB 2261

- Imposes a 911 fee of 2% of the sales price on each retail purchase of prepaid wireless telecommunications service. This percentage is intended to approximate the amount that the typical wireless consumer spending \$50 per

month for wireless service pays under the current law ($\$50 \times 2\% = \1.00). This provides parity between prepaid and postpaid wireless consumers.

- Requires the seller to collect the fee from the customer on each retail transaction and remit the fee to the Department of Taxation.
- Provides a methodology for sourcing transactions to the state of North Dakota that is consistent with the state sales and use tax. This ensures that the fee is collected not only on face to face transactions in the state but also on Internet and other remote sales to North Dakota customers.
- Provides that current rules and procedures for the sales tax shall apply to the prepaid 911 fee, in order to minimize additional burdens on retailers.
- Permits retailers to retain the first 3 months collections and 3% of collected fees thereafter to offset ongoing compliance costs.

Conclusion: Reasons to Support SB 2261

1. The prepaid point of sale methodology is based on actual sales, is transparent to the consumer, accurately sources the transaction to the state and is a more efficient methodology for the collection of the surcharge directly from all prepaid end users and provides parity with postpaid consumers.
2. The prepaid point of sale method will provide stable and predictable revenues that exceed what is being remitted under current law and is consistent with model legislation that is being adopted in other states.
3. The bill piggybacks on the existing sales and use tax collection system to minimize additional costs to retailers. Retailers already collect the sales and use tax on prepaid wireless service, so this approach leverages existing processes.

Thank you again for the opportunity to provide these comments in support of SB 2261.

Prepaid Point of Sale Status Sheet As of January 1, 2013

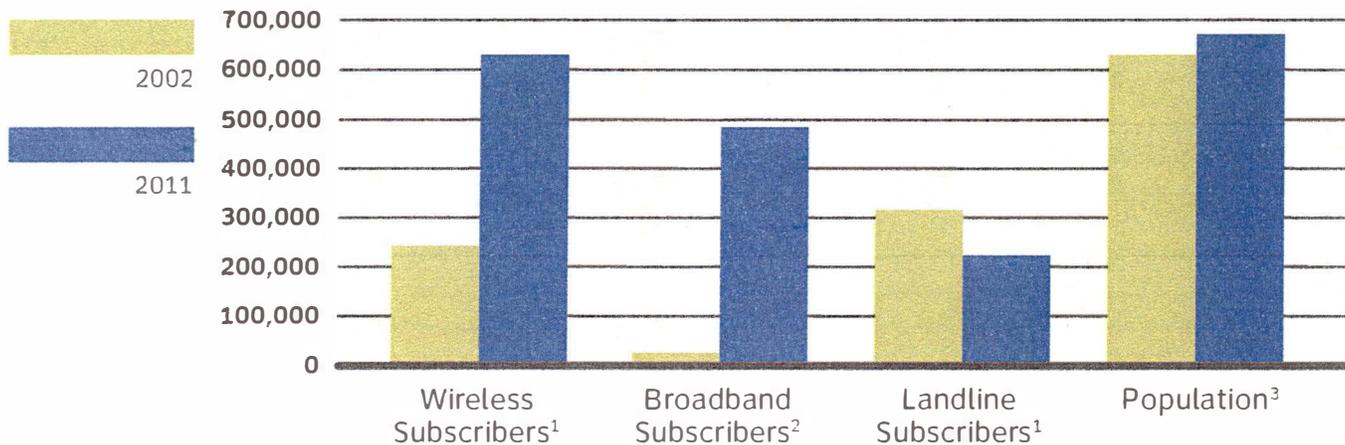
Enacted Law (26):

- ME LD 1056 (effective date 1/1/2010)
- LA HB 856 (effective date 1/1/2010)
- TX HB 1831 (effective date 6/1/2010)
- IN HB 1086 (signed 3/25/2010; effective date 7/1/2010)
- SC H 4551 (signed 3/30/2010; effective date 7/1/2011)
- VA HB 754 (signed 4/11/2010; effective date 1/1/2011)
- TN SB 2497 (signed 4/16/2010; effective date 7/1/2011)
- OK HB 2556 (signed 5/4/2010; effective date 1/1/2011)
- MS SB 2938 (signed 5/13/2010; effective date 7/1/2010)
- CO SB 120 (signed 6/7/2010; effective date 1/1/2011)
- RI HB7397, Article 9 (became law 6/12/10; effective date 8/1/2010)
- DC Bill 18-0731 (signed 7/2/2010; effective date 10/1/2010)
- PA HB 2321 (signed 11/23/2010; effective date 7/1/2011)
- UT HB 303 (signed 3/23/2011; effective date 7/1/2011)
- GA HB 256 (signed 5/11/2011; effective date 1/1/2012)
- KS SB 50 (signed 5/18/2011; effective date 1/1/2012)
- NC H571 (signed 6/13/2011; effective date 7/1/2013)
- IL SB2063 (signed 8/19/2011; effective date 1/1/2012)
- SD SB174 (signed 3/2/2012; effective date 7/1/2012)
- AZ HB 2094 (signed 4/5/2012; effective date 1/1/2014)
- NE LB 1091 (signed 4/11/2012; effective date 1/1/2013)
- IA SF2332 (signed 5/1/2012; effective date 1/1/2013)
- AL HB89 (signed 5/8/2012; effective date 1/1/2013)
- CT SB354 (signed 6/15/2012; effective date 1/1/2013)
- MI HB5468 (signed 6/26/2012; effective date 1/1/2013)
- OH HB360 / HB472 (signed 12/20/2012; effective date 1/1/2014)

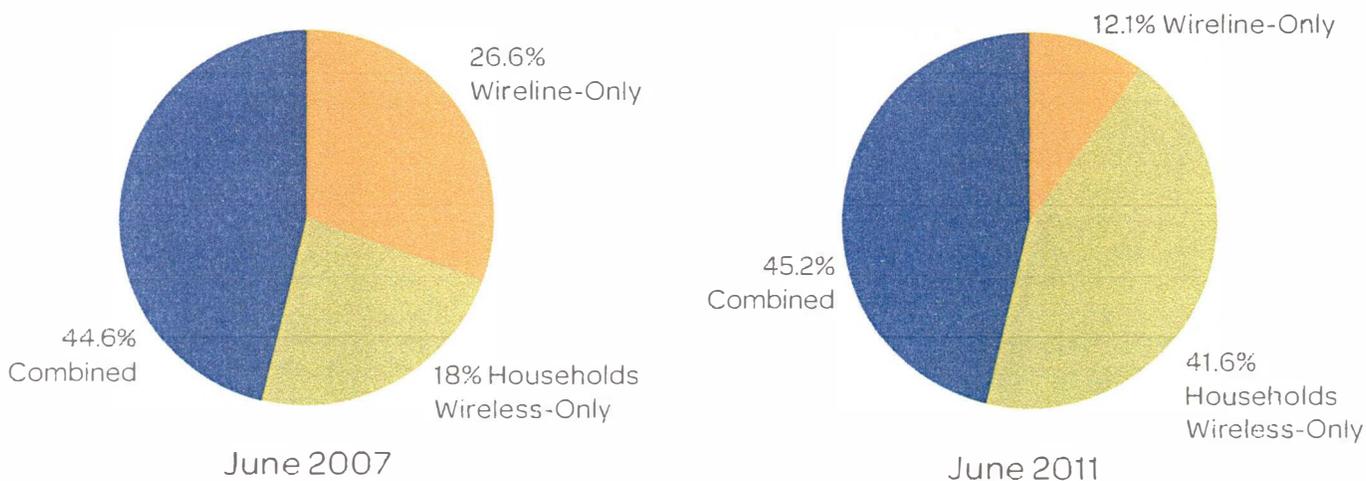
The Way North Dakota Communicates Has Changed Over the Past Decade

From 2002 to 2011, North Dakota has seen:

150% Increase In Wireless Subscribers **30%** Decrease in Landline Subscribers
3,423% Increase In Broadband Subscribers **7.85%** Increase In North Dakota's Population



Growth of Wireless-Only Households in North Dakota⁴:



Broadband Availability in North Dakota²:

DSL Broadband: 90% of the population Cable Modem: 92% of the population

¹FCC Local Telephone Competition Report: Status as of June 30, 2002 and FCC Local Telephone Competition: Status as of June 30, 2011 *Landline Subscribers are for ILECs only due to lack of overall data.

²FCC High Speed Services for Internet Access: Status as of June 30, 2002 and FCC Internet Access Service Report: Status as of June 30, 2011

³U.S. Census Bureau

⁴National Health Statistics Wireless Substitution Report, October 2012 and March 2009

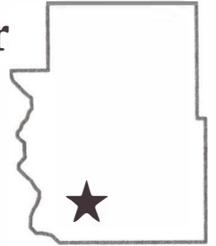
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Combined Communications Center

2301 University Dr., Bldg 21 ★ Bismarck, ND 58504-7595
Phone: 701-222-6727 ★ Fax: 701-221-6804



January 30, 2013
Senate Finance and Taxation Committee
Honorable Chairman Dwight Cook

SB 2261

Mr. Chairman and members of the Committee, for the record my name is Mike Dannenfelzer, Manager of the Bismarck/Burleigh Combined Communications Center. I also serve as Chairman of the governing joint powers entity referenced in Section 5 of this bill.

In several sessions since 2001 there have been attempts to level the field to collect 9-1-1 fees from providers of prepaid wireless services. The success of these attempts has been spotty at best. A large problem has been assessing the fee to an actual customer when providers do not have adequate information about a customer to collect a fee. This bill places the assessment and collection of the fee from the customer at the point of sale and has become the generally accepted method to fairly and efficiently collect 9-1-1 fees from prepaid wireless users.

Over the last few years, prepaid wireless has been the fastest growing segment of the wireless industry. According to CTIA – The Wireless Association, prepaid service in 2012 was approximately 21% of the wireless market (roughly 68 million prepaid users), up from 16% in 2007. With this type of growth it is important for us to implement this reasonable method to ensure that prepaid users will pay their share to the cost of operating the 9-1-1 system.

This bill requires the seller or retailer to collect the fee from the consumer at the point of sale and remit the fees collected in a similar manner as to how sales and use taxes are handled today. This method is more reasonable and equitable than prior methods that have been tried and allows for a reasonable

Leadership

Service

Integrity

Progressive

★ ★ ★ *A partnership between the City of Bismarck and Burleigh County since 1988* ★ ★ ★

retention of fees by the seller to cover the cost of collecting, reporting and remitting the fees collected under this Act.

Section 5 of this bill refers to the “governing joint powers entity” that was established for the purpose of implementing emergency communications systems for the state’s political subdivisions. For a little background on this entity, in 2002 the North Dakota 9-1-1 Association and the North Dakota Association of Counties (NDACo) drew up a plan to move forward collectively to implement Wireless Enhanced 9-1-1 in North Dakota. This involved an Agreement between all North Dakota 9-1-1 jurisdictions (counties and cities) with NDACo serving as administrator to the agreement. NDACo staff provide service to the Agreement and the joint powers entity oversees the funds. NDACo employs a Wireless Project Manager as part of the Agreement.

The governing joint powers entity is the 9-1-1 Strategic Technology Planning Subcommittee (9-1-1 STEPS). 9-1-1 STEPS is a subcommittee of the North Dakota 9-1-1 Association and consists of nine voting members, all of whom are representatives of a jurisdiction party to the Agreement. There are also non-voting members from the State of North Dakota, NDACo, and industry.

In 2012, the Agreement was modified and ratified by all participants to expand the scope of the Agreement to include transitioning to NG9-1-1 and leverage our purchasing power as had been done with Wireless Enhanced 9-1-1. As of January 1, 2013 all 9-1-1 jurisdictions remit to NDACo 15% of the first \$1.00 of all 9-1-1 fees collected. This funding is used to maintain the statewide wireless contract of which everyone benefits, pay employee costs for the Wireless Project Manager and the NG9-1-1 Program Manager, and related expenses. With the 2012 Agreement modification, 9-1-1 STEPS will now be able to begin work toward funding statewide NG9-1-1 deployment.

Of course, one of the challenges we do face is funding. The 2012 Agreement indicates that 9-1-1 jurisdictions may be required to pay up to 50% of their local fee collections. Given the ongoing funding challenges in local 9-1-1

Testimony to the
Senate Finance and Taxation Committee

Prepared January 30, 2013 by
Terry Traynor, Assistant Director
North Dakota Association of Counties

Regarding: SB2261 – ESCS Fee at Point of Sale

Mr. Chairman and Committee Members, the North Dakota Association of Counties supports passage of SB2261. While county government joined the retail industry in opposition to this concept ten years ago, we recognize that for the growing “pre-paid” segment of the cellular phone market, this is the only logical option – one that is being implemented in more and more states. Notably, our neighbor to the South, implemented similar legislation six months ago, and the chair of their statewide organization sent me the following email yesterday.

Terry,

I'd be happy to share a few thoughts.

I am unaware of any complaints about the tax from those who pay it, nor any complaint from any retailer about collecting and remitting the tax. I believe you would be hard pressed to find anyone, on any side of the issue here that is unhappy about it.

I've talked to a lot of folks about it. The common sentiment seems to be; “wow, I can't believe how smoothly this went. Almost a non-issue.”

Our Dept. of Revenue is very good at what they do. They spent HOURS doing webinars, education, FAQs, etc. It apparently paid off big time for them, the retailers and us (see above comment).

So yes, I have been very pleased with the overall implementation.

Because of how our law allowed retailers to keep the first quarters collections as “reimbursement” to cover their costs, no, we probably will not actually collect the \$1 million in year one. We have only collected one month thus far - Oct. 2012 which was remitted in Dec. 2012. Thus, it is too early to say with certainty that we will collect our projection of \$1 million per year. I do believe however that we will be close to projection after the first full year.

Good luck tomorrow. Please let me know how it goes

Ted Ruffedt, Chairman
Dakota 911 Conference, Inc.
Pennington County 911

We would like to thank the Chairman and the Tax Commissioner and his staff for their efforts on making this bill workable, and also to the major cellular companies and our own retail association. Everyone working together has made this a good bill, and we urge a Do Pass recommendation.

Testimony of Jon Godfread
Greater North Dakota Chamber of Commerce
SB 2261
January 30, 2013

Mr. Chairman and members of the committee, My name is Jon Godfread and I am here today representing the Greater North Dakota Chamber of Commerce, the champions for business in North Dakota. Greater North Dakota Chamber is working to build the strongest business environment possible through its more than 1,100 business members as well as partnerships and coalitions with local chambers of commerce from across the state. Greater North Dakota Chamber also represents the National Association of Manufacturers and works closely with the U.S. Chamber of Commerce. As a group we stand in support of SB 2261.

This is a fairness issue. Right now larger telecommunication providers such as AT&T and Verizon are collecting and remitting 911 fees in our state. However, if you buy a prepaid wireless device, that same 911 fee is not always being collected. SB 2261 would be a step in the direction of every telephone user helping support 911 services, which was the spirit of the law from the beginning. SB 2261 at the very least helps to consistently apply the current 911 service fee law to all users of the system.

SB 2261 would be moot if this body chooses to support SB 2262, the bill to provide for the state take over the 911 service. We also support 2262, but that is a policy decision that is best left in the hands of the policy makers. Should 911 fees still be charged to the consumer, we feel at the very least a level playing field is required. SB 2261 creates that level playing field by including all wireless telephones weather contract or prepaid.

Thank you for the opportunity to appear before you today in support of SB 2261. The GNDC urges a Do Pass recommendation. I would be happy to answer any questions.

States Trending Toward Point-of-Sale Collection of E911 Taxes and Fees on Prepaid

In the past, states have adopted an uncoordinated approach to collecting E911 fees from prepaid wireless customers. As a result, compliance for national prepaid wireless providers and their third party retailers is burdensome and inconsistent.

- Some states provide optional methodologies that require prepaid wireless service providers to either:
 - “eat” the tax based on estimated monthly revenues per customer (“ARPU method”);
 - collect the tax from customers at the point of sale without specifying how; or
 - “decrement” (deduct) minutes from prepaid wireless customer accounts that have a sufficient positive balance at a specified time of the month.
- Approximately half the states do not impose 911 fees on prepaid services at all.
- In the remaining states, the law is sometimes unclear as to whether the fee applies to prepaid services.

The end result of the current hodgepodge of state laws is expensive litigation, a lack of transparency to consumers, and an administratively burdensome system.

Recognizing that the current system was not functioning well or sustainable, the wireless industry reached out in 2009 to legislators, retailers and public safety representatives to develop a national model to collect E911 fees directly from prepaid wireless consumers. These efforts resulted in the endorsement by the National Conference of State Legislatures (NCSL) Executive Committee Task Force on State and Local Taxation of Telecommunications and Electronic Commerce of model legislation requiring E911 fees to be collected on prepaid wireless services at the retail point-of-sale. Key elements of the model legislation include:

Imposition at Retail Point-of-Sale – The fee is collected at the point of sale by the retailer when the service is sold to the customer.

Piggybacking on Existing Sales Tax Collection Processes – Retailers use the existing processes and rules governing the collection of sales taxes on prepaid service.

Determination of Amount – States determine whether to impose a flat E911 fee per each retail transaction or a percentage-based fee assessed on the amount of the purchase.

Vendor Compensation – The retailer retains three percent (3%) of the prepaid wireless E911 charges collected from prepaid consumers to offset administrative costs.

Exclusion of E911 Charges from the Base of Other Taxes and Fees – Similar to postpaid services, the sales tax does not apply to the prepaid E911 fee.

Customers who purchase prepaid wireless services will have the wireless E911 fee added to their purchase and will pay it to the seller at the point-of-sale, just as they pay sales and use taxes to the seller today. In fact, most retailers will be able to program the E911 fee into their point-of-sale system so that the fee will be automatically added to the customer’s receipt. Fees collected will be remitted to the state revenue agency in the same manner and on the same return as the sales and use tax, so there will no

Testimony of Jon Godfread
Greater North Dakota Chamber of Commerce
SB 2261
February 11, 2013

Mr. Chairman and members of the committee, My name is Jon Godfread and I am here today representing the Greater North Dakota Chamber of Commerce, the champions for business in North Dakota. Greater North Dakota Chamber is working to build the strongest business environment possible through its more than 1,100 business members as well as partnerships and coalitions with local chambers of commerce from across the state. Greater North Dakota Chamber also represents the National Association of Manufacturers and works closely with the U.S. Chamber of Commerce. As a group we stand in support of SB 2261.

This is a fairness issue. Right now larger telecommunication providers such as AT&T and Verizon are collecting and remitting 911 fees in our state. However, if you buy a prepaid wireless device, that same 911 fee is not always being collected. SB 2261 would be a step in the direction of every telephone user helping support 911 services, which was the spirit of the law from the beginning. SB 2261 at the very least helps to consistently apply the current 911 service fee law to all users of the system.

We also supported SB 2262, a bill that would require the state of North Dakota to pay for the 911 service across our state, but that is a policy decision that is best left in the hands of the policy makers. SB 2262 will be heard in the next few days on the Senate floor. Should 911 fees still be charged to the consumer, we feel at the very least a level playing field is required. SB 2261 creates that level playing field by including all wireless telephones whether contract or prepaid.

Thank you for the opportunity to appear before you today in support of SB 2261. The GNDC urges a Do Pass recommendation. I would be happy to answer any questions.



STATE OF NORTH DAKOTA
OFFICE OF STATE TAX COMMISSIONER
Cory Fong, Commissioner

Requested information

SB 2261

#3

2-11-13

February 11, 2013

The Honorable John Warner
Senate Appropriations Committee
North Dakota Senate
600 East Boulevard Avenue
Bismarck, ND 58505

Dear Senator Warner:

During the Senate Appropriations hearing for S.B. 2261 on Monday, February 11, 2013, you requested information regarding the sourcing of sales under the proposed prepaid wireless emergency 911 fee. Attached is an e-mail sent by Myles Vosberg, Director of the Tax Administration Division, to Terry Traynor, North Dakota Association of Counties, which outlines the Streamlined Sales Tax sourcing rules that would apply to sales of prepaid wireless services.

If you have any further questions regarding S.B. 2261 please do not hesitate to contact me at (701) 328-2776 or via e-mail at emthompson@nd.gov.

Sincerely,

Emily Thompson
Legal Counsel
Office of State Tax Commissioner

Enclosure

From: Vosberg, Myles S. [<mailto:msvosberg@nd.gov>]
Sent: Monday, January 28, 2013 3:20 PM
To: Terry O. Traynor
Subject: FW: Point of Sale 911 - Question

Terry,

Commissioner Fong asked me to reply to your question and concern that the current language in section 4 of SB2261 may exempt sales where the customer is not making the purchase in person at the retailer's store. This is not the case.

The language in subsection (a) was listed directly after the language in section 1 because subsection (a) is clarifying what shall be treated as "occurring in this state". The first sentence in subsection (a) references sales made in person and the second section references "any other transactions" such as online or over the phone. The second part of subsection (a) states that the "other retail transactions" will be sourced according to the streamlined sales tax sourcing rules, which are found in Century Code Chapter 57-39.4. These sourcing rules basically say the sale takes place where the purchaser takes possession. The rules contemplate how to source sales when destination information may be limited because the seller may not know exactly where the purchaser takes possession of prepaid minutes. For example, when prepaid service is purchased over phone or over the internet, the seller may just credit the purchaser's account with additional minutes of service. The SST sourcing rules, which are found in NDCC 57-39.4-11 are as follows:

- a. If the purchaser takes possession at a North Dakota retailer's location, the sale is sourced to that location. Example: purchaser goes to a big box store.
- b. If the purchaser doesn't take possession at the retailer's location, the sale is sourced to the location where the purchase takes possession. Example: retailer ships tangible goods to customer.
- c. If a or b do not apply, the sale is sourced to the purchaser's address that is maintained in the seller's records in the normal course of business. Example: retailer has an on-going retail relationship with customer that involves other types of sales/products.
- d. If a, b, or c do not apply, the sale is sourced to an address acquired by the seller for this specific transaction. Example: address from the customer's check or credit card.
- e. If none of the above apply, the sale is sourced to where the goods are shipped from or where the service was provided. This is most likely the retailer's location.

If you have any further questions regarding the sourcing of these sales, please contact me.

Myles

Myles Vosberg
Office of State Tax Commissioner
Director, Tax Administration Division
Phone: 701.328.3471
Email: msvosberg@nd.gov

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**TESTIMONY OF THE OFFICE OF STATE TAX COMMISSIONER
BEFORE THE
HOUSE FINANCE AND TAXATION COMMITTEE**

SENATE BILL 2261

MARCH 12, 2013

Chairman Belter, members of the House Finance and Taxation Committee, my name is Emily Thompson, Legal Counsel for the North Dakota Office of State Tax Commissioner. I am here today on behalf of Tax Commissioner Cory Fong to provide a technical explanation of Senate Bill 2261.

CURRENT LAW

Under the current law, found within chapter 57-40.6 of the North Dakota Century Code, the governing body of a county or city may elect to impose a fee on assessed communications services. Assessed communication services are any communication connection between a billed customer and a service provider network that allows the user to dial 911. Currently, assessed communication services include land lines, wireless lines, VoIP services, and active prepaid wireless services. Each communication connection is uniquely identifiable by a number, internet address, or other designation.

The fee per communication connection may not exceed \$1.50 per month. The purpose of the fee is to fund emergency services communications systems which are in place to provide rapid public accesses to coordinated law enforcement, fire, medical, or other emergency services. The assessed communications service provider (hereinafter "provider") collects the fee from the customer. For customers receiving monthly billings for communication services, the fee is separately stated on the customer's invoice. For customers utilizing prepaid wireless services, either the fee amount (or an equivalent number of minutes) may be deducted from the customer's account or the fee may be collected as a two percent assessment on the gross revenue received from the sale.

The fee is remitted by the provider to the appropriate governing body where it is then deposited into a separate fund. Proceeds of the fee may only be used for implementing, maintaining, or operating the emergency services communication system. The Tax Department is

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p. 2

not involved in the collection or distribution of the fee proceeds on assessed communication services (hereinafter “assessed communications fee”).

PROPOSED CHANGE TO THE LAW

Senate Bill 2261 would change the current system by creating a new section in the Century Code relating to the imposition of a prepaid wireless emergency 911 fee (hereinafter “prepaid 911 fee”). Any reference to prepaid wireless services is thus stricken from the language pertaining to the assessed communications fee. The assessed communications fee will continue to apply to assessed communications such as land lines, wireless lines, and VOIP services and will be collected and remitted in the same manner as it currently is. The fee will simply no longer apply to prepaid wireless services.

The fee that will apply to prepaid wireless services will be imposed at a rate of two percent on the gross receipts of all retail sales of prepaid wireless services in the state. The fee will be collected from the customer by the seller and remitted to the Tax Department. All fee proceeds received by the Tax Department will then be remitted to the State Treasurer for deposit into the newly created Prepaid Wireless Emergency 911 Fee Fund. The Treasurer, no less than quarterly, shall pay over the revenue from the fund to the governing joint powers entity established to implement the emergency communications system.

EXPLANATION OF THE BILL

Section 1 – Definitions

This section has been included to add, remove, and amend the necessary definitions relating to the newly created prepaid wireless emergency 911 fee.

Section 2 – Imposition of Assessed Communications Fee

The amendments to this section ensure that prepaid wireless services will not be subject to a duplicative fee by removing the phrase “active prepaid wireless service” from the definitional language of “assessed communication services” and adding an additional sentence specifically exempting prepaid wireless services from any fee that may be imposed on assessed communication services through a governing body resolution pursuant to 57-40.6-02.

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Section 3 – Collection of Assessed Communications Fee

The amendments to this section remove the language referencing prepaid wireless services from the collection provisions relating to the assessed communications fee.

Section 4 – Imposition of Prepaid 911 Fee

Section 4 creates a new section to chapter 57-40.6 which addresses the imposition and collection provisions for the newly created prepaid 911 fee. This section contains the following elements:

- 1) A two percent fee on the gross receipts of sellers from all retail sales of prepaid wireless services in this state.
 - o Retail transactions made in person in the state shall be treated as occurring in this state and any other retail transactions, such as online sales, shall be treated as occurring in this state if the transaction would be sourced to this state under the provisions of chapter 57-39.4.
 - o The fee is collected by the seller and remitted to the Tax Department.
 - o Any seller required to collect and remit the fee must register with the Tax Department.
 - o The fee does not apply to purchases made by consumers entitled to an exemption under specified sections of the Century Code.
- 2) The seller shall collect the fee from the consumer and shall separately state, or otherwise disclose, the amount of the fee to the consumer.
- 3) The consumer is liable for paying the fee and the seller is liable to remit all collected fees.
- 4) If the fee is separately stated on a document provided to the consumer, then the fee may not be included in the base for measuring any other tax or fee.
- 5) If the prepaid wireless service is sold with other products for a single, non-itemized price, the two percent fee shall apply to the entire purchase price unless the seller elects to disclose or identify the portion of the price attributable to the prepaid wireless service. In that instance, only the portion of the charge for the prepaid wireless service is subject to the two percent fee.

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- 6) A seller may elect not to collect the two percent fee if the prepaid wireless service that accompanies a prepaid wireless device is of a minimal amount. (i.e. 10 minutes or less or \$5.00 or less)
- 7) Any administrative provisions of the sales tax chapter of the Century Code, not inconsistent with the provisions of this chapter, shall apply.
- 8) A separate prepaid 911 fee return shall be remitted by the seller. If the seller is a retailer under chapter 57-39.2 the return may be remitted at the same time the retailer is required to remit sales and use tax returns.
 - o The seller shall retain one hundred percent of the fee collected for the first three months as compensation for collecting the fee and thereafter shall retain three percent of the fee.

Section 5 – Allocation of Prepaid 911 Fee Proceeds

Section 5 creates a new section to chapter 57-40.6 which addresses the allocation provisions relating to prepaid 911 fee proceeds. This section contains the following elements:

- The fee must be paid to the Tax Department and thereafter remitted to the State Treasurer monthly.
- The Treasurer shall transfer the fee revenue into the newly created Prepaid Wireless Emergency 911 Fee Fund.
- The Treasurer, no less than quarterly, shall pay over the revenue from the fund to the governing joint powers entity established to implement the emergency communications system.
- The proceeds from the fee shall be used for the implementation, maintenance, or operation of the emergency services communications system.

Section 6 – Limitation on Liability Regarding 911 Service

The amendment within this section provides for the same limited liability provisions applicable to assessed communications services to apply to prepaid wireless service providers or sellers.

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Section 7 – Limitation on Liability Regarding Cooperation with Law Enforcement

The amendment within this section addresses call location provision requirements for prepaid wireless sellers or providers and provides for liability limitations for prepaid wireless sellers or providers.

Section 8 – Effective Date

This section provides for a delayed effective date of January 1, 2014 for purposes of educating the sellers or providers of prepaid wireless services on how to collect and remit the prepaid 911 fee.

CONCLUSION

I thank you for your time this morning and would be happy to respond to any questions you may have.

Testimony in Support of SB 2261
Nancy Riedel, Director State Tax Policy, Verizon
House Finance and Taxation Committee
March 12, 2013

Chairman Belter, Vice Chairman Headland and members of the Committee, thank you for the opportunity to testify today. I am testifying in support of SB 2261 that would codify national model legislation for collection of 911 fees on prepaid wireless service at the point of sale.

With the rapid growth of prepaid wireless service, it is important that a collection methodology be adopted that brings parity between prepaid and postpaid consumers while efficiently and effectively collecting the 911 fees that are currently imposed in North Dakota.

How Prepaid Wireless Differs from Postpaid Wireless

Prepaid wireless service allows customers to pay in advance for a fixed number of minutes, or unlimited minutes for a fixed time period. Since customers pay in advance, there is no need to run a credit check on the purchaser and there is no need for the customer to sign a contract for a fixed term of service. This service has proven very popular with credit-challenged consumers as well as those who do not want to be locked into a long-term service contract.

Traditional postpaid wireless service is sold directly by the wireless service provider, or its agent, to the consumer. Consumers are billed monthly and must pay that monthly bill, including taxes and fees, in order to receive service. Under federal and North Dakota law, the wireless provider must receive and record the address for each user's "place of primary use" which is the residential street address or business location where the use of the wireless service primarily occurs. For this reason, the wireless provider has a straightforward mechanism to determine the location where the service should be

subject to taxation and a billing mechanism to collect the fee from the user and remit it to the proper agency.

Prepaid wireless service is marketed and sold differently. The initial purchase of prepaid service typically includes a phone bundled with a fixed number of minutes for a single price. When those minutes are exhausted, the customer has several options to 'recharge' their minutes, including purchasing cards at third party retail stores (which encompass 70-80% of prepaid wireless sales), directly at a wireless provider's retail store or on the wireless provider's website.

The card includes a phone number and a code that the purchaser uses to add the minutes to the phone. It is important to note that the customer – and not the retailer — adds the minutes to the customer's phone and there is no need for the prepaid provider to know where the customer lives or where the recharge card was purchased.

What Are the Problems With the Current Law?

Current North Dakota law provides that the legal incidence of the 911 fee is on the customer. However, the practical effect of the law for most prepaid wireless providers is that the provider ends up paying the fee because in most transactions, the prepaid provider has no way to collect the fee from the customer. In third party transactions, the prepaid provider sells the recharge cards to the retailer at wholesale and never receives money from the consumer.

Some have suggested that the cost of the fee could be built into the wholesale price of the service. However, such a practice is not workable because prepaid wireless cards are sold in bulk in a national marketplace at nationally negotiated prices, and are purchased and distributed nationally by major retail chains. The prepaid provider has no way of knowing in which state the cards will ultimately be sold. Since monthly 911 fees vary across the states, from \$0 in Missouri to \$2.50 in Chicago or Atlanta, it is

impossible to set a single uniform national price without requiring customers in states with no or low 911 fees to subsidize customers in states with high 911 fees.

Current North Dakota law contains legal ambiguities that hinder compliance and may result in revenues that are lower than what would otherwise be expected. In most transactions, the prepaid provider does not know the customer address and may not have the operational or technological capabilities to accurately determine which subscribers meet the legal requirement for remitting the prepaid fees. The current law states:

57-40.6-03. Payment of fee by assessed communications service subscriber or customer.

The assessed communications service provider shall collect the fee from the subscriber or customer of the service.

1. For prepaid wireless service, the provider shall remit the monthly fee authorized by section 57-40.6-02 based either upon each active prepaid wireless telephone associated with this state for each active prepaid wireless telephone customer that has a sufficient positive balance as of the last day of each month or upon a two percent assessment on the gross revenue received from the sale of prepaid wireless services each month. The provider shall remit the fee in a manner consistent with the provider's existing operating or technological abilities, including by customer address, location associated with the wireless telephone number, or reasonable allocation method based upon other relevant data. The fee amount or an equivalent number of minutes may be reduced from the prepaid customer's account. However, collection of the fee in the manner of a reduction of value or minutes from the prepaid customer's account does not constitute a reduction in the sales price for purposes of taxes that are collected at the point of sale.

Origin of the Prepaid 911 Point-of-Sale Model Bill

The problems outlined in the current law are not unique to North Dakota. There has been a longstanding acknowledgement by the wireless industry and public safety that the current prepaid wireless 911 fee collection methods, which are based on the postpaid wireless model, are not working. When the current methodology was first adopted in states 10 years ago, prepaid wireless was a very small portion of the overall wireless market that there was little focus on finding a solution. However, in 2007, the wireless industry recognized that the growth in popularity of prepaid wireless required a new urgency to develop a workable methodology to collect 911 fees from prepaid users.

The industry reached out to both the public safety community and our retail partners to develop a fair, uniform, and effective system for collecting 911 fees. The wireless industry spent a year working with these groups to develop a proposal to collect fees at the point of sale while minimizing new costs and burdens on retailers. This resulted in model legislation that was endorsed by the National Conference of State Legislatures (NCSL) in July 2009.

National Trends in the Prepaid Market

Prepaid wireless has been the fastest growing segment of the fast-growing wireless industry for the past two years. According to CTIA—The Wireless Association:

- Prepaid subscribers are now 21.6% of all wireless subscribers, up from 16% in 2007;
- There are now over 71 million prepaid wireless subscribers, an increase of 23 million subscribers between December 2008 and December 2011;
- Almost half of all new subscribers added during the last six months were prepaid subscribers. Prepaid wireless service is growing at an annual rate of 10-15%, significantly faster than the 5% growth rate of traditional postpaid service.

Clearly, the growth in the prepaid marketplace makes it very important that states adopt legislation to ensure that prepaid wireless 911 subscribers contribute their proportional share. The attached table shows the status of the bill in legislatures throughout the country; twenty-six states have currently adopted the NCSL model act.

Key Provisions of SB 2261

- Imposes a 911 fee of 2% of the sales price on each retail purchase of prepaid wireless telecommunications service. This percentage is intended to approximate the amount that the typical wireless consumer spending \$50 per

month for wireless service pays under the current law ($\$50 \times 2\% = \1.00). This provides parity between prepaid and postpaid wireless consumers.

- Requires the seller to collect the fee from the customer on each retail transaction and remit the fee to the Department of Taxation.
- Provides a methodology for sourcing transactions to the state of North Dakota that is consistent with the state sales and use tax. This ensures that the fee is collected not only on face to face transactions in the state but also on Internet and other remote sales to North Dakota customers.
- Provides that current rules and procedures for the sales tax shall apply to the prepaid 911 fee, in order to minimize additional burdens on retailers.
- Permits retailers to retain the first 3 months collections and 3% of collected fees thereafter to offset ongoing compliance costs.

Conclusion: Reasons to Support SB 2261

1. The prepaid point of sale methodology is based on actual sales, is transparent to the consumer, accurately sources the transaction to the state and is a more efficient methodology for the collection of the surcharge directly from all prepaid end users and provides parity with postpaid consumers.
2. The prepaid point of sale method will provide stable and predictable revenues that exceed what is being remitted under current law and is consistent with model legislation that is being adopted in other states.
3. The bill piggybacks on the existing sales and use tax collection system to minimize additional costs to retailers. Retailers already collect the sales and use tax on prepaid wireless service, so this approach leverages existing processes.

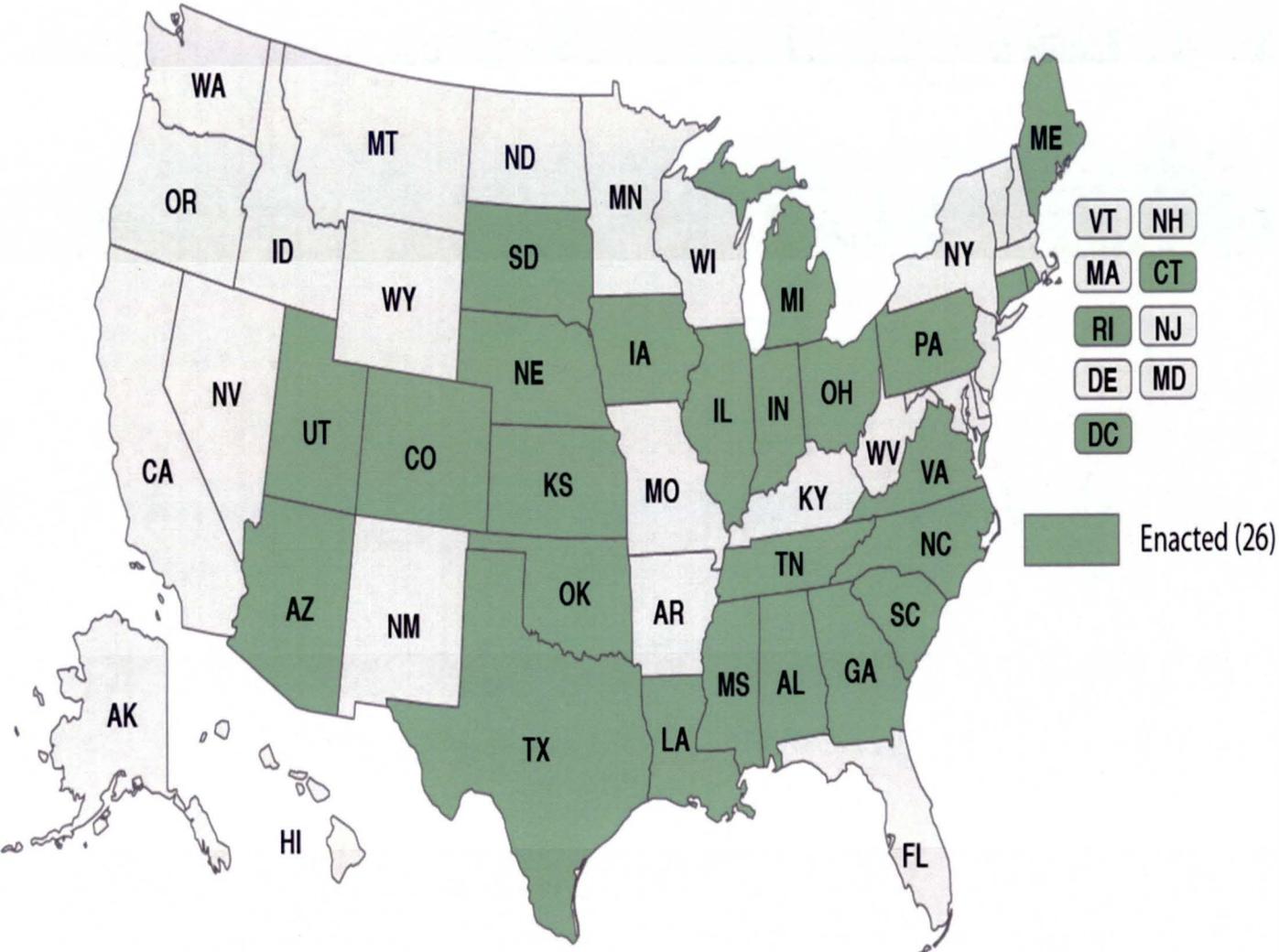
Thank you again for the opportunity to provide these comments in support of SB 2261.

Prepaid Point of Sale Status Sheet
As of January 1, 2013

Enacted Law (26):

- ME LD 1056 (effective date 1/1/2010)
- LA HB 856 (effective date 1/1/2010)
- TX HB 1831 (effective date 6/1/2010)
- IN HB 1086 (signed 3/25/2010; effective date 7/1/2010)
- SC H 4551 (signed 3/30/2010; effective date 7/1/2011)
- VA HB 754 (signed 4/11/2010; effective date 1/1/2011)
- TN SB 2497 (signed 4/16/2010; effective date 7/1/2011)
- OK HB 2556 (signed 5/4/2010; effective date 1/1/2011)
- MS SB 2938 (signed 5/13/2010; effective date 7/1/2010)
- CO SB 120 (signed 6/7/2010; effective date 1/1/2011)
- RI HB7397, Article 9 (became law 6/12/10; effective date 8/1/2010)
- DC Bill 18-0731 (signed 7/2/2010; effective date 10/1/2010)
- PA HB 2321 (signed 11/23/2010; effective date 7/1/2011)
- UT HB 303 (signed 3/23/2011; effective date 7/1/2011)
- GA HB 256 (signed 5/11/2011; effective date 1/1/2012)
- KS SB 50 (signed 5/18/2011; effective date 1/1/2012)
- NC H571 (signed 6/13/2011; effective date 7/1/2013)
- IL SB2063 (signed 8/19/2011; effective date 1/1/2012)
- SD SB174 (signed 3/2/2012; effective date 7/1/2012)
- AZ HB 2094 (signed 4/5/2012; effective date 1/1/2014)
- NE LB 1091 (signed 4/11/2012; effective date 1/1/2013)
- IA SF2332 (signed 5/1/2012; effective date 1/1/2013)
- AL HB89 (signed 5/8/2012; effective date 1/1/2013)
- CT SB354 (signed 6/15/2012; effective date 1/1/2013)
- MI HB5468 (signed 6/26/2012; effective date 1/1/2013)
- OH HB360 / HB472 (signed 12/20/2012; effective date 1/1/2014)

Prepaid Point of Sale Status



Cheryl Riley
AT&T
House Finance and Taxation Committee
March 12, 2013
SB 2261

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Testimony of Jon Godfread
Greater North Dakota Chamber of Commerce
SB 2261
March 12, 2013

Mr. Chairman and members of the committee, My name is Jon Godfread and I am here today representing the Greater North Dakota Chamber of Commerce, the champions for business in North Dakota. Greater North Dakota Chamber is working to build the strongest business environment possible through its more than 1,100 business members as well as partnerships and coalitions with local chambers of commerce from across the state. Greater North Dakota Chamber also represents the National Association of Manufacturers and works closely with the U.S. Chamber of Commerce. As a group we stand in support of SB 2261.

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Should 911 fees still be charged to the consumer, we feel at the very least a level playing field is required. SB 2261 creates that level playing field by including all wireless telephones weather contract or prepaid.

Thank you for the opportunity to appear before you today in support of SB 2261. The GNDC urges a Do Pass recommendation. I would be happy to answer any questions.

Champions (for) Business

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