



January 26, 2017

Cliff Lippard, Ph.D. Executive Director
Tennessee Advisory Commission
on Intergovernmental Relations (TACIR)

Jennifer Barrie, M.S.
Senior Research Associate
TACIR
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RE: Tennessee E911 Funding Modernization

Dear Dr. Lippard and Ms. Barrie:

On behalf of CTIA – The Wireless Association¹ we write to you to provide information as the Tennessee Advisory Commission on Intergovernmental Relations (TACIR) studies funding mechanisms for 911 in Tennessee. We urge Tennessee to incorporate the attached policy considerations into practice as it transitions 911 fees toward NG911.

As you know, effective January 1, 2015, a 911 surcharge of \$1.16 is imposed on wireline, wireless and prepaid wireless service. This current rate ranks Tennessee as having the 10th highest 911 fee in the country.² It is important to note that taxes and fees on wireless consumers increased to a record high 18.6% of the

¹ CTIA- The Wireless Association® ("CTIA") (www.ctia.org) represents the U.S. wireless communications industry and the companies throughout the mobile ecosystem that enable Americans to lead a 21st century connected life. The association's members include wireless carriers, device manufacturers, suppliers as well as apps and content companies. CTIA vigorously advocates at all levels of government for policies that foster continued wireless innovation and investment. The association also coordinates the industry's voluntary best practices, hosts educational events that promote the wireless industry and co-produces the industry's leading wireless tradeshow. CTIA was founded in 1984 and is based in Washington, D.C.

² 9-1-1 Surcharge - User Fees by State," The National Emergency Number Association (NENA), <http://www.nena.org/?page=911RateByState>, last accessed 1/25/2017.



average U.S. customer's monthly bill. Tennessee ranks 19th in the country with a combined federal, state and local tax and fee rate of 18.74 percent.³ Looking at the average state and local rates, without including federal impositions, Tennessee ranks 18th with a burden of 12.1% and the current 911 tax amounting to 2.6% of this burden.⁴ Further increasing this burden on wireless consumers will harm Tennesseans.

As stated in the attached, Tennessee should examine whether the existing funding mechanism is still viable. Since emergency communications service is an essential government service and provides a common benefit for all citizens, a strong public policy argument exists that these services should be funded through the broad-based taxes that finance general fund expenditures. Tennessee should establish a long-term goal of phasing-out 911 fees on communications services and using general fund revenues for 911 programs. This will likely prove to be a more stable funding mechanism than depending on fees from an industry that is changing more rapidly than policymakers ever anticipated when 911 fees were first implemented.

Additionally, in order to maintain accountability and transparency we urge oversight through audits and continued legislative control with the rate of the statewide 911 fee set by the state legislature in statute.

As the TACIR continues to explore issues related to 911 fee collection and use and Tennessee works toward implementing NG911, we hope the principles outlined in the attached document will be adopted by Tennessee for the continued benefit of wireless consumers and Tennesseans overall.

Sincerely,

Director, State Legislative Affairs

³ "Wireless Tax Burdens Rise for the Second Straight Year in 2016" By Scott Mackey & Joseph Henschman, October 2016, <https://taxfoundation.org/wireless-tax-burdens-rise-second-straight-year-2016>, last accessed 1/25/17.

⁴ "Wireless Tax Burdens Rise for the Second Straight Year in 2016" By Scott Mackey & Joseph Henschman, October 2016, https://files.taxfoundation.org/legacy/docs/TaxFoundation_FF530-2.pdf, page 19, Appendix A, last accessed 1/25/17.