

MINUTES
SENATE FINANCE COMMITTEE
March 8, 2005
9:08 a.m.

CALL TO ORDER

Co-Chair Green convened the meeting at approximately [9:08:32 AM](#).

PRESENT

Senator Lyda Green, Co-Chair
Senator Gary Wilken, Co-Chair
Senator Con Bunde, Vice Chair
Senator Fred Dyson
Senator Bert Stedman
Senator Donny Olson

Also Attending: REPRESENTATIVE MIKE HAWKER; PAT DAVIDSON, Legislative Auditor, Division of Legislative Audit; LAUREN WICKERSHAM, Staff to Senator Bunde; KATHY MCLERON, EMS Unit Manager, Community Health and Emergency Medical Services, Division of Public Health, Department of Health and Social Services;

Attending via Teleconference: From Fairbanks: STEVE THOMPSON, Mayor, City of Fairbanks; From offnet locations: WALT MONEGAN, Chief, Anchorage Police Department; TIM ROGERS, Alaska Municipal League; GEORGE MOLSON, GCI; From Kenai: CHUCK KOPP, Alaska Chapter, National Emergency Number Association

SUMMARY INFORMATION

HB 115-AIRPORT CUSTOMER FACILITY CHARGES

This bill was reported from Committee with an amendment adopted at the previous hearing.

HB 64-EXTEND BOARD OF PUBLIC ACCOUNTANCY

The Committee heard from the sponsor and the Division of Legislative Audit. The bill was held in Committee.

SB 100-ENHANCED 911 SURCHARGES

The Committee heard from the sponsor, the Department of Health and Social Services, and municipal and emergency responders

representatives. The bill was held in Committee.

#HB115

SENATE CS FOR CS FOR HOUSE BILL NO. 115(TRA)

"An Act relating to charges paid or collected by users or occupants of an airport facility owned or controlled by the state; and providing for an effective date."

This was the second hearing for this bill in the Senate Finance Committee.

Co-Chair Green asked if all members had an opportunity to address questions raised at the previous hearing.

Co-Chair Wilken offered a motion to report SCS CS HB 115 (TRA), as amended, from Committee with individual recommendations and accompanying fiscal note.

There was no objection and SCS CS HB 115 (FIN) MOVED from Committee with zero fiscal note #1 from the Department of Transportation and Public Facilities.

#HB64

HOUSE BILL NO. 64

"An Act extending the termination date for the Board of Public Accountancy; and providing for an effective date."

This was the first hearing for this bill in the Senate Finance Committee.

REPRESENTATIVE MIKE HAWKER testified this housekeeping legislation would extend the Board of Public Accountancy. This Board consists of five certified public accountants (CPA) and two public members, who adopt regulations, issue final licensing decisions and take action against violators of licensing laws. Upon completion of the sunset review, the auditor determined the Board was meeting its statutory requirements and that the occupational licensing fees are sufficient to cover the regulatory costs of this occupation.

Representative Hawker noted the auditor made one recommendation relating to the Board's need to conform to recently adopted national professional testing standards. The previous legislative session, statutes were amended to provide for the new testing procedures. The Board has undertaken efforts to secure a second

testing location in Fairbanks and must secure a third location in Juneau.

Senator Olson asked the number of disciplinary actions the Board has taken.

Representative Hawker deferred to the audit report or the Chair of the Board. He estimated the number was limited.

Senator Olson asked the number of licensed certified public accountants in Alaska.

Representative Hawker estimated the amount to be approximately 1,700.

Co-Chair Wilken cited language on page 12 of the audit report, which reads as follows.

In June 2004, 13, or just over half, of the complaints [filed during the period between July 2001 and May 2004] were still open. Six of those 13 complaints had been opened for longer than 120 days. We reviewed five of these six complaints in detail. Four of the five complaints had no evidence of having any investigative activity for the last 90 days. Based on our review, we concluded the public inquiries and complaints regarding BOPA activities were not being resolved efficiently.

Co-Chair Wilken asked for an explanation of this and whether the delays are cause for concern.

Representative Hawker replied that concern is warranted for all boards. The audit statement relates to the timing in which disputes are resolved. The Board of Public Accountancy is working to establish more comprehensive guidelines for resolving complaints. The Board may not have been timely in resolving complaints in the past, but is now aware of the need to address these matters more timely. None of the delays were of specific concern that arose to the attention of the Ombudsman.

PAT DAVIDSON, Legislative Auditor, Division of Legislative Audit, informed the Committee that although audits are performed in accordance with General Accounting Procedures, these procedures require independence and because the professional staff of the Division is CPAs and the Division is statutorily required to perform these audits, this independence standard is not obtainable.

Ms. Davidson stated the Division had overall concerns about the timeliness of investigations conducted by all boards and

commissions. Historically, the audits have reviewed this matter on an individual board basis; this method does not require accurate information from which recommendations could be made. However, the audit did review the timeliness for this Board and made recommendations to the Department of Commerce, Community and Economic Development. The Department concurred and changes were made to structure of the investigative process.

Co-Chair Green asked if the complaints relate to the boards or the Department.

Ms. Davidson explained that the Division of Occupational Licensing staff receives the complaints and "works" the investigations. The results of those investigations are brought before the boards for determination. The boards serve as administrative adjudication rather than detail investigative.

Co-Chair Green concluded the complaint is directed to the Department.

Ms. Davidson affirmed and pointed out that criterion for review is provided in statute. Delays would impact the licensing of CPAs, and is the concern of the Department and not the Board.

Co-Chair Green referenced other language on page 12 of the audit, which reads as follows.

Efficiency issues related to investigations are being evaluated in another audit report. This report addresses the history, and evaluates the effectiveness, of the State's overall sunset process.

Co-Chair Green asked if this audit has been released.

Ms. Davidson replied this report has been issued.

Co-Chair Green members may want to review that report to determine if additional questions are warranted.

Senator Olson asked if the investigator writes the Memorandum of Understanding to the applicable board.

Ms. Davidson responded that the investigator makes a recommendation to the board of a Memorandum of Agreement, licensing action or fine.

Co-Chair Green asked for an explanation of the examination and whether it is computerized.

Representative Hawker answered that until recently the examination was administered as a paper test administered in multiple parts in three locations of the State. The American Institute of Certified Public Accountants "guides" this testing process. A decision was made "outside of the State of Alaska" to conduct the examination using a professional testing agency as a computerized test. The legislature amended statute to allow for this change, as it became the only testing methodology available. The company administering the tests offered the CPA examinations four times annually although only offered in Anchorage. Previously, the tests were offered twice each year. It was discovered that the contractor provides unrelated testing services in Fairbanks and therefore the CPA examination could be administered at that location as well.

Co-Chair Green was surprised at the difficulty in securing locations given the commonality of this type of testing. She expected that the tests should be available at any location with a proctor available once a pass code is provided to the examination administrator.

Senator Olson asked if a person residing in Ketchikan would be required to travel to Anchorage to take this examination.

Representative Hawker replied that the examination could be taken at many locations nationally. A university student could take the test at their school campus. He took the test at his college in Iowa before traveling to Alaska and was certified to practice in Alaska once reaching this state.

Co-Chair Green ordered the bill HELD in Committee.

#SB100

[9:25:06 AM](#)

CS FOR SENATE BILL NO. 100(L&C)

"An Act relating to enhanced 911 surcharges imposed by a municipality."

This was the first hearing for this bill in the Senate Finance Committee.

Senator Bunde stated this bill is offered at the request of police departments and other officials in Alaska. Currently the State has a 911 emergency system and laws regulating it. This bill would make

three substantial changes to those laws.

Senator Bunde informed that the existing system does not allow for the timely location of the caller by emergency responders. He referenced a highly publicized instance in which the emergency responders had difficulty locating a victim. This is problematic in situations involving incapacitated callers, children or tourists unfamiliar with their location.

Senator Bunde noted that current law imposes a surcharge of 50 cents or 75 cents for 911 emergency services depending upon the size of the population served. This legislation would eliminate the population differential and increase the maximum surcharge to \$2. Some communities would calculate their need at higher and other communities would require less once it is determined that the current system is adequate. The amount of \$2 was deemed reasonable for the Anchorage municipality. Communities could levy a higher surcharge upon voter approval. He understood that many communities could not afford the cost of an enhanced 911 emergency system and would utilize this opportunity to generate increased revenue to pay the costs of the existing service they are required to provide.

Senator Olson asked the three specific changes.

Senator Bunde listed the elimination of the population differential, increase of the maximum surcharge to \$2, and allowance for an increase above that amount upon voter approval.

LAUREN WICKERSHAM, Staff to Senator Bunde, added that this legislation also provides that the surcharge would be added to wireless and cell phone use.

Co-Chair Wilken reminded that this concept was considered by the Committee during the previous legislative session, but did not pass as a result of questions regarding the definition of "enhanced 911". He asked if a definition is stipulated in this bill.

Senator Bunde responded that the enhanced 911 system utilizes Global Positioning System (GPS) technology to determine the location of callers. It does not include funding for patrol cars, dispatchers and other expenses not directly related to the 911 emergency system.

Co-Chair Wilken recalled efforts discovered the previous session of municipalities' intention to utilize these revenues to expand roads, install guardrails and purchase fire trucks. The legislature ruled against this. He asked if a definition of allowable expenditures should be stipulated in statute.

Ms. Wickersham replied that such a definition is contained in statute currently and that this legislation would not amend that definition.

Co-Chair Wilken cited an additional source noting this information is in current statute.

Co-Chair Wilken referenced language on page 2, lines 8 and 9 of the bill providing that the surcharge was limited to \$2 "unless the surcharge is imposed by ordinance approved by the voters of the enhanced 911 service area." He asked if passage of a ballot initiative in a municipal election would be required or whether a municipal assembly could adopt an ordinance.

Senator Bunde answered that approval would be required of the majority of voters in the affected service area.

Co-Chair Wilken informed that the Fairbanks North Star Borough is providing 911 emergency services to smaller communities including Delta Junction and Galena. He asked if residents of those communities would vote for any increases to the surcharges they pay.

Senator Bunde responded that his intent is that all affected consumers would be included in such an election.

Co-Chair Green understood that the Matanuska Telephone Association, Inc. (MTA) services subscribers in boroughs in addition to the Matanuska-Susitna Borough and that different rates apply to the residents of each borough. The surcharges are not established at an annual utility meeting.

Senator Bunde intended that each consumer impacted by a proposed surcharge increase to have an opportunity to vote on those increases.

Co-Chair Wilken calculated how this could impact Fairbanks and nearby communities.

Co-Chair Wilken asked if the surcharges would be levied on phone lines utilized for facsimile machines and other data transmission.

Ms. Wickersham answered yes.

Senator Bunde furthered that this bill mirrors current statute. The surcharges are assessed on every line up to 100 per building.

Co-Chair Wilken clarified that a business with 20 lines would pay 20 surcharges.

Senator Bunde affirmed this is current law.

Senator Stedman supported the concept of this legislation. He questioned the overall cost relative to other states and expressed concern that revenues collected from this surcharge could be expended by municipalities on expenses indirectly related to the 911 emergency service system.

Senator Bunde reiterated his intent that the revenues would only be expended for direct enhanced 911 system costs. He shared the underlying concern. He stressed that the telephone utilities should not be "placed in the middle of a tax battle".

Senator Stedman asked how the \$2 maximum surcharge amount was determined. He compared this to the 20-cents charged in the state of Washington, 27-cents charged in Idaho, and 75-cents charged in the Oregon. He cited the publication titled "9-1-1 Fact Book for the State of Alaska" [copy on file.] He asked if this legislation would allow a municipality to impose a lesser amount. He surmised that smaller communities would not require the large surcharge fees.

Senator Bunde expected that smaller communities would require higher surcharge amounts due to economy of scale. The amount of \$2 was agreed upon for the community of Anchorage.

Ms. Wickersham informed that "enhanced 911 system" and "enhanced 911 equipment" are defined in statute. Language on page 2, lines 16 and 17 of this bill reads, "The municipality may only use the enhanced 911 surcharge for the enhanced 911 system."

Co-Chair Green stated that federal laws governing 911 emergency systems should be reviewed to ensure this legislation is in compliance.

Co-Chair Green recommended consideration of language providing that, "the funds received from 911 surcharges should be kept in separate interest bearing accounts and not the general fund of municipalities and used only for specific 911 use and enhancements." This may be intended in the federal mandate, but should be clarified.

Senator Olson asked the impact of this legislation on rural consumers and whether they would be required to pay this surcharge.

Senator Bunde replied that current statute provides these rural consumers pay a 75-cent fee. This legislation would also apply to these residents.

Senator Olson clarified that those residents without the benefit of a 911 emergency response system would continue to be required to pay this surcharge for the service.

Senator Bunde affirmed all phone line consumers would be imposed this fee. He noted the Universal Access Fee is imposed on those consumers with easy access to telephone services to offset the costs of delivering service to residents of areas in which the service is not economically feasible.

Senator Stedman asked if a community with no 911 emergency response service could opt out of this surcharge, resulting in a reduction of the current fee from 75-cents to zero.

Co-Chair Green surmised those communities could reduce the surcharge amount to zero.

Senator Bunde expected the "economics of delivering the service for the carrier would decide what the charge is". He doubted any community would eliminate the entire surcharge.

Co-Chair Green understood that the carrier is not determining the rate.

Senator Bunde clarified that indirectly the carrier determines the rate since it provides access to the telephone lines. The dispatcher is a cost of the municipalities and if a community has no dispatcher there is no reason to fund that position.

Co-Chair Green asked if language should provide for a minimum amount.

Senator Bunde replied it is not necessary.

Ms. Wickersham interjected that Tim Rogers of the Alaska Municipal League could speak to this issue.

Senator Dyson commented to the historical concept of providing communication access to all citizens of this country. This is the reason that postal rates are the same regardless of origination or destination. In this manner urban residents subsidize the cost of delivering services to rural areas. All who live in rural areas must realize that the services they receive are "profoundly" subsidized by urban residents.

KATHY MCLERON, EMS Unit Manager, Community Health and Emergency Medical Services, Division of Public Health, Department of Health and Social Services, read testimony into the record as follows.

According to the Alaska Municipal League there are 162 communities defined as a municipality representing over 97 percent of the State's residents.

In a study prepared by The McDowell Group for the Denali Commission in October 2000, 107 communities had 911 service. Of those communities 18.6 percent had enhanced 911 service.

This bill would allow municipalities to up the amount it charges phone uses for the enhanced 911 system, lessening the burden of the surcharge on property owners. It also requires the surcharged to be levied on wireless phones in addition to wire line service.

The Division supports this bill and other efforts to improve the effectiveness of the 911 system.

Senator Olson asked the number of communities that have an enhanced 911 emergency response system.

Ms. McLeron replied that as of October 2000, 18.6 percent of residents have an enhanced 911 service in their community. She did not know the actual communities.

STEVE THOMPSON, Mayor, City of Fairbanks testified via teleconference from Fairbanks in favor of this legislation. Without enhanced 911 capability, emergency responders are prevented from providing services to callers they are unable to locate. He questioned the proposed \$2 maximum surcharge, as the revenue generated would be insufficient to cover the cost of the service. He exemplified other states impose a surcharge up to \$4. However, this legislation is a "start in the right direction."

Co-Chair Green asked if the witness predicted voters would reject a proposed surcharge of \$3.

Mr. Thompson responded that voters want all services without the any restrictions. He preferred that increases be implemented by municipal assembly action within the public process.

Co-Chair Wilken asked the surcharge amount the witness would prefer, as well as the recommended amount necessary for other communities.

Mr. Thompson supported a \$3 maximum surcharge amount, with increases allowed with voter approval. However he was unsure if this amount would be sufficient for communities such as Nome or Ketchikan. He qualified that the Fairbanks local government would not immediately increase the surcharge to \$3, but would give the matter careful review.

Mr. Thompson noted that 911 emergency response services are provided to Delta Junction and other communities near Fairbanks through a contractual agreement. Increases to the surcharge for those consumers could not be voted upon, as these communities have not organized local government. He pointed out that no limit is placed on garbage collection rates.

Co-Chair Wilken asked if garbage rates are governed through the Regulatory Commission of Alaska (RCA).

Mr. Thompson answered, no.

DAVID TYLER, Alaska Fire Chiefs Association, testified via teleconference from Fairbanks, that the enhanced 911 emergency service must continue to be provided. He expressed concern with the proposed \$2 maximum and the requirement of an election to increase that amount. He remarked, "We have a representative form of government for a reason: to allow the elected officials" to set certain policies and resolve conflicts. The passage of this legislation would not immediately result in every telephone bill containing a \$2 surcharge. Proposed increases would undergo a public process first. He supported the legislation with this exception.

WALT MONEGAN, Chief, Anchorage Police Department, testified via teleconference from an offnet location in support of this bill. He read a statement into the record as follows.

I support SB 100 and urge you to pass this bill out of your Committee. Anchorage, as it exceeds a population of 100,000, receives currently a surcharge of 50-cents per line. Of that 50-cents, by contract with our telephone 911 provider, we must pay them 21-cents per line back. And that is for their operating costs and their database management, leaving 29-cents per line to cover our hardware and software costs as well as the cost of our 911 call-takers. All of which is insufficient - about \$4 million a year insufficient.

That \$4 million must be made up in other parts of our budget, which also impacts our ability to perform all that we are

requested to.

Presently, about 50 percent of all of our quarter-million 911 calls that we get a year come in on cell phones. And with the expectation of phase two wireless we will be even more severely impacted in our operating budget if this surcharge is not passed.

Phase two would allow us to determine the location of the caller on a cell line. Most recently, last summer we had a woman for example, who was hiking up in the Chugiak Mountains. She got lost, disoriented, but she had a cell phone and had cell phone coverage. She called us on 911 and it was kind of an arduous process to try to locate her because obviously she didn't know where she was and we didn't know how to find her. We did have a happy ending; we were able to do it but we could have done so much more expeditiously had we had the phase two in effect where we could know the location.

Again, I support this bill and ask that you help us, all of us in public safety, help those who call 911.

Senator Dyson understood that most cell phones do not have a capacity to provide a GPS location.

Mr. Monegan agreed this is the current status; however, phase two of the enhanced 911 emergency system includes GPS locating capacity in cell phones or provides the ability to locate callers by triangulating transmission towers.

Senator Dyson asked about new "reversed 911" technology that would allow autodial to certain numbers to deliver messages.

Mr. Monegan replied that many vendors are selling such packages. Areas could be identified on a map and numbers within that areas could be auto-dialed and provided with a recorded message. Messages could include orders of evacuation in the event of an area wildfire or notification of a missing child. The fire department is combining efforts with the school district to develop this service.

Senator Dyson remarked his interest in this technology relates to instances of a lost or abducted child. He asked whether language should be included in this legislation to address possible future costs of implementing a "reversed 911" system.

Mr. Monegan replied that a reversed 911 system would involve the purchase and installation of a software package. The ability to increase surcharges would assist in generating necessary revenues

for the enhanced 911 system, possibly including reversed 911 software. Currently, the system operates at a \$4 million annual deficit and the funds must be garnered from elsewhere. Expectations for public safety services are high and the department is "duty bound" to help as many people in the most efficient way possible.

TIM ROGERS, Alaska Municipal League, testified via teleconference from an offnet location as follows.

We believe that it is an important bill for continuing the improvements and operation of our emergency response systems throughout the State. Legislation enabling a telephone surcharge has been around for about 13 years now. It was initially enacted to allow local governments to offer an enhanced 911 system, as was previously mentioned in testimony.

Then later it was changed to allow a surcharge on cell phones as well, as cell phone use has become more widespread. Now about 50 percent of all calls originate from cell phones to 911 services.

Passage of this increase will help continue with the upgrade to be able to take advantage of the technological improvements to 911 service. As we well know, it can mean the difference between life and death and cases where a caller may not be able to provide precise information on where they're located. It can also help fund the development of address databases to avoid untimely response delays, such as occurred in the Godfrey tragedy in Eagle River.

Another reason for the necessity of this legislation is that several funding sources for the implementation upgrade and operation of 911 systems has disappeared over the years. Safe Communities and Revenue Sharing programs were eliminated several years ago and those funds were frequently used for 911 call center expenditures. Likewise the Community Matching Grant program was also eliminated and that program did help fund the capital improvements needed for the 911 system.

We do have a couple concerns about the bill that have been raised before but there's nothing in the bill we can't live with now. We would like to see a differential rate for areas outside of Anchorage that can't take advantage of the scales that Anchorage has in terms of reducing their costs. We're also a little bit concerned about the election provision. We fell that an election on the surcharge maybe setting a precedence in this case. We're concerned that at some future point there may be requirements requiring a vote on any type

of service fee that a local government may decide to assess. Again, we like the bill as it is. We offer these as improvements on the bill.

I would like to clarify a couple things that have been said earlier. By existing statute, the 911 surcharge can only be used for the purpose of providing 911 services. It does require that there be an annual report, a public annual report, to the governing body, whether it be the city council or an assembly, on the costs versus the revenues from the surcharge. That has to be done on an annual basis. So there is a safeguard that the funding is used appropriately.

The second point I'd like to clarify is that the 911 surcharge is only assessed in those areas where 911 service is provided and the governing body that is providing the 911 service has affected. So in rural areas of Alaska, there is no surcharge unless they are receiving 911 service and their local government has approved the assessment. Right now, Nome does have a service charge. Their service charge is being used to implement a 911 system. I believe Kotzebue also considered a 911 surcharge to help pay for an enhanced system. It's my understanding that none of the other rural areas are currently paying for any sort of a surcharge. It's only in those areas that are offering enhanced 911 services.

Senator Bunde surmised that access to 911 emergency response services in Anchorage is universally accepted and supported by the public.

Mr. Rogers affirmed.

Senator Bunde also surmised an election to increase the surcharge to an amount more than \$2 would receive general acceptance and support.

Mr. Rogers agreed.

Co-Chair Green asked if the witness supports a provision requiring that the revenues generated from the surcharge would be maintained in a separate interest bearing account.

Mr. Rogers knew of no separate account requirement; however the revenues must be accounted separately and expended only for costs directly related to the 911 system.

Senator Olson clarified that rural exchanges would be exempt from the surcharge.

Mr. Rogers replied that unless a local government is providing enhanced 911 emergency response services, the surcharge is not levied.

Co-Chair Green asserted that from any location in Alaska a caller could dial 911 and reach some type of emergency response system.

Senator Olson countered that if 911 is dialed in Golovin the caller receives a busy signal.

Co-Chair Green understood that a toll free "1-800" system would reach an operator located in Fairbanks.

[10:09:12 AM](#)

CHUCK KOPP, Alaska Chapter, National Emergency Number Association, testified via teleconference from Kenai that that organization is comprised of several telephone companies, most public safety agencies in the State, the Department of Administration and the Department of Military and Veterans Affairs and some legislators. The Association recommends passage of this legislation. The \$2 surcharge is "easily justified". The \$2 limitation does not remove local government control for determining the appropriate fee for a community. Enhanced 911 emergency response systems safeguards emergency response employees and addresses the rising public expectation that government have adequate technology to respond to emergencies. The increased surcharge would allow for the purchase of basic components, defined as equipment that provides the caller with a "direct talk path and a data stream to the public safety answering point." The data stream provides the name, address and phone number of the caller to the emergency call taker. Basic 911 service consists of only the talk path and does not provide additional identifying information. This bill has broad based support across the State.

Co-Chair Green asked the amount of revenue that would be generated from the proposed increase and with the inclusion of wireless phones for each community. She recalled discussions on the similar legislation from the previous session identified significant discrepancies between communities and the amounts allotted to their enhanced 911 emergency response systems. She relayed concerns expressed about the surcharge levied on every phone line into a building with a maximum of 100 lines. Homeowners have multiple lines that do not duplicate the need for service. The surcharge should be limited to one per household. Businesses and apartment buildings are different issues. Multiple surcharges are appropriate for households with more than one cell phone because all family

members could be in different locations.

Co-Chair Green asked if the surcharge for wireless phones is based on the location of the service provider or the residence of the consumer.

Senator Bunde would research the matter.

Co-Chair Green expressed intend to give consideration to a provision requiring that revenues collected by a municipality from this surcharge be held in a separate interest bearing account. She also spoke to the need to address penalties for any misuse of these funds. Strict federal requirements must be reviewed and given consideration in this legislation.

Senator Bunde noted that the aforementioned 9-1-1 Fact Book includes spreadsheets detailing the number of phone lines and anticipated revenue collected for the communities of Anchorage and Fairbanks. The surcharges assessed to wireless phones would be levied according to the residence of the consumer. He added that this legislation assesses a surcharge per each telephone line because this is the billing procedure of the telephone companies and a reflection of the current system.

Co-Chair Green agreed the current system assesses charges per line; however, as the fees increase, consideration must be given to other options. If adequate revenue is collected through the addition of cell phones, landline surcharges may be limited to one per household.

Co-Chair Wilken expressed concern about the election process, conceptually and structurally. He would address the matter with Senator Bunde.

Co-Chair Wilken requested additional information about the size of communities and their economies of scale. He questioned whether larger communities would require higher surcharges assessed per line, given the multitude of lines.

Co-Chair Wilken requested representatives from telephone companies address the issue of multiple telephone lines. He asked if the companies could differentiate lines into a residence.

Mr. Kopp addressed the impact of fee increase. Currently, the 75-cent surcharge generates \$450,000 for the Kenai Peninsula Borough, which would increase 125 percent to over \$1 million if the full \$2 amount were enacted. He noted Chief Monegan had testified that the Municipality of Anchorage stated that community requires

approximately \$4 million more than is currently collected from the surcharge to operate the 911 emergency response system. He did not anticipate the Municipality of Anchorage would increase the surcharge to the maximum amount allowed before an election is required; rather the fee would likely be \$1. Revenue to all participating communities would increase, but he did not predict "any real big numbers" would be generated. Billing procedures for wired and wireless lines are already stipulated in statute and consumers currently pay a surcharge for each line into their home that could access an 911 emergency response system.

GEORGE MOLSON, GCI, testified via teleconference from offnet location that he agreed fundamentally with Mr. Kopp's explanations. The assessment of surcharges to multiple lines within one household could be differentiated, as the telephone companies have records of each customer's service address. The industry average is 1.3 lines per address. This figure could be utilized to calculate the impact of the surcharges per household. Charges for cell phones are assessed to a billing address, because the company is unable to determine at what location that phone would "end up".

Senator Bunde commented to Co-Chair Wilken that their respective communities require approximately \$4 million annual to "break even" the cost of operating a 911 emergency response system. The surcharge could be assessed to each line at a lower amount, or to each billing address at a higher amount. This is a policy decision.

Co-Chair Green asked the fiscal impact of imposing this surcharge to wireless accounts.

Co-Chair Green spoke to concerns about allowing the surcharge rate to be increased through a municipal ordinance. Consumer complaints would not likely be directed to the municipality, but rather to the telephone company. This would create a public relations problem for these utility companies. She suggested that municipalities be required to publicly notify consumers of new rates and clarify that the municipality and not the telephone company made the decision.

Co-Chair Green noted the Committee is awaiting additional information on this bill.

Co-Chair Green ordered the bill HELD in Committee.

ADJOURNMENT

Co-Chair Green adjourned the meeting at 10:26 AM