

HOUSE FINANCE COMMITTEE  
April 16, 2018  
9:08 a.m.

9:08:15 AM

CALL TO ORDER

Co-Chair Foster called the House Finance Committee meeting to order at 9:08 a.m.

MEMBERS PRESENT

Representative Neal Foster, Co-Chair  
Representative Paul Seaton, Co-Chair  
Representative Les Gara, Vice-Chair  
Representative Jason Grenn  
Representative David Guttenberg  
Representative Scott Kawasaki  
Representative Dan Ortiz  
Representative Lance Pruitt  
Representative Steve Thompson  
Representative Cathy Tilton  
Representative Tammie Wilson

MEMBERS ABSENT

None

ALSO PRESENT

Senator John Coghill, Sponsor; Jordan Shilling, Staff,  
Senator John Coghill.

PRESENT VIA TELECONFERENCE

David Gibbs, EMS Manager, Fairbanks North Star Borough;  
Jill Dolan, Attorney, Fairbanks North Star Borough.

SUMMARY

HB 260 FISH & GAME LICENSES;ELECTRONIC FORM

HB 260 was SCHEDULED but not HEARD.

CSSB 92 (FIN) am

VESSELS: REGISTRATION/TITLES; DERELICTS

CSSB 92 (FIN) am was SCHEDULED but not HEARD.

SB 215 ENHANCED 911: MULTI-LINE TELEPHONE SYSTEMS

SB 215 was HEARD and HELD in committee for further consideration.

Co-Chair Foster reviewed the meeting agenda.

#sb215

SENATE BILL NO. 215

"An Act relating to multi-line telephone systems."

9:09:05 AM

Co-Chair Foster reviewed his intent for the bill hearing. He reported that the bill was the companion bill to HB 385 sponsored by Representative Grenn.

SENATOR JOHN COGHILL, SPONSOR, shared that the bill had been brought to him by his municipality and dealt with multi-line telephone systems. He used the University as an example in the Interior where someone calling 911 may be in a different building than the emergency location. The bill directed that the information would travel with the phone; it was a requirement, but also permissive. He elaborated that the bill would require the automatic location information be installed when phones were replaced, or new installations were put in. He explained the bill was one way to ensure dispatchers would receive the right information, which could save lives. He expounded there were many buildings in the state with multi-line telephone systems. The two things a person expected when calling 911 was that the responders would show up and would show up to the right location. The bill provided a way to ensure those things happened with a multi-line telephone system with an attached automatic location information system.

Senator Coghill elaborated that the bill also implemented a requirement for places with multi-line telephone systems to put a notice on their phone that dialing "9" or anything else was required before dialing out.

REPRESENTATIVE JASON GRENN elaborated that the bill was about public safety. The bill aimed to save time when responders were sent out to emergency situations.

Co-Chair Foster noted individuals available for questions.

Representative Wilson stated that multi-lines were not only for big buildings. She asked how far down into the private business world the bill requirement would go to force businesses to comply when making an upgrade or change. She initially thought the bill applied to hotels; however, many small businesses also had multi-line phones. She wondered whether the size of the business or the number of phones mattered and whether it included businesses with one multi-line phone. She questioned whether businesses would be forced into something more expensive.

Senator Coghill deferred the question to his staff.

JORDAN SHILLING, STAFF, SENATOR JOHN COGHILL, replied that the bill did not stipulate the size; the size could be a small or large multi-line telephone system. He reported that most residences and small businesses had one line and multiple telephones, which would not be considered a multi-line telephone system. The bill language was broad enough that would allow a municipality to limit the application of the ordinance to a certain number of lines if the municipality chose to adopt an ordinance. He believed there had been committee discussion on the topic the last time the bill had been heard.

[9:14:48 AM](#)

Representative Wilson asked whether it was even possible to get a new system that did not include a 911 enhancement.

Mr. Shilling replied that most systems sold currently did conform with the requirements the bill sought to achieve. By 2020, all the phones would have capability to eliminate dialing any prefix "9" when dialing 911. He deferred to Mr. David Gibbs [EMS Manager, Fairbanks North Star Borough] for any future technical phone questions.

Representative Wilson had a problem with the bill because she had an antique business with multi-lines (two phone numbers). She did not know what it would cost to change phone carriers. She noted that some carriers required the

customer to get new phones. She wondered why another power was being given to the boroughs if technology was going to get there anyway. She lamented the unknown possible cost to private businesses.

Representative Grenn deferred to Mr. Gibbs.

DAVID GIBBS, EMS MANAGER, FAIRBANKS NORTH STAR BOROUGH (via teleconference), answered that generally small businesses utilized key telephone systems, which would be affected by the legislation. He described a key telephone system as a system with a series of buttons showing numerous outbound lines. Each of the phones was connected directly to the telephone company's switch. Typically, a business subscribed to the service. He detailed that the address information and changes were maintained by the phone company. The maintenance costs were already bundled into the cost of the telephone system. There should be no additional cost; the only cost would be the time spent by a customer working with their phone service provider to ensure the correct location information was associated with the phone number.

[9:18:26 AM](#)

Representative Wilson believed Mr. Gibbs had described that the work was already done. She wondered about the purpose of the bill.

Mr. Gibbs answered that the work was not already done. He explained that part of the problem was the number of erroneous addresses. The bill would ensure the work was done.

Vice-Chair Gara supported the bill. He referenced Representative Wilson's question and spoke about phones that were not compatible. He surmised that the fact some phones lines would not be compatible did not mean improvement would not be made with phones that were compatible at the outset.

Mr. Shilling answered that the bill did not require existing multi-line telephone systems to upgrade. The bill only applied to upgrades and new-builds beginning January 1, 2019.

Vice-Chair Gara surmised that the bill would work for buildings with phone lines.

Mr. Shilling asked for clarification.

Vice-Chair Gara withdrew his question.

[9:20:05 AM](#)

Representative Guttenberg asked for verification that the bill did not apply to situations where a person bought a box of six phones. He wondered whether the bill applied to situations where a phone system was installed by a professional versus phones purchased off the shelf. He believed part of the professional installation process would be putting in each phone number and location at the phone company or a central location. He used the University of Alaska (University) and the Anchorage Legislative Information Office as examples and considered where the phone numbers were registered.

Mr. Shilling pointed out a document in members' packets that included FAQs on what constituted a multi-line telephone system [provided by the Fairbanks North Star Borough] (copy on file). He deferred to Mr. Gibbs for further detail.

Mr. Gibbs answered that it was not the type of phone, but the nature of the class of service being employed. He cited the University as an example of a large PBX [Private Branch Exchange Telephone System] operator. He elaborated that the University owned the switch and much of the functionality of its phone system such as station to station dialing on campus was hosted by the University. For example, there were 6,900 telephone numbers for a single street address (1054 University Avenue) - no additional location information was associated with the numbers. He referenced the small "mom and pop" telephone system signed up for service with six lines - it ensured the address information provided to the provider was accurate and reflected the granularity of the location information required by the legislation. He stated that there was no additional cost - the maintenance and address information cost was bundled in the cost of the service. The idea was to ensure the correct information was passed along to the telephone service provider and that the provider updated address information as part of their daily automated updates. He relayed that

the borough conducted daily updates with its two local exchange carriers.

[9:23:44 AM](#)

Representative Guttenberg stated that the bill would give a municipality the ability to require the enhancement by ordinance. He asked how it related to the university system or other state buildings. He asked whether the municipality had telecommunication power. He asked whether the Regulatory Commission of Alaska (RCA) had the ability to regulate telephone systems. He noted he was supportive of the bill.

Mr. Shilling answered that the bill applied to all multi-line telephone system operators in the municipality; therefore, it would apply to the University. He deferred to the Jill Dolan to address powers of a second-class borough such as Fairbanks.

JILL DOLAN, ATTORNEY, FAIRBANKS NORTH STAR BOROUGH (via teleconference), answered that it was not a telecommunications power the borough would be exercising, but the E-911 power granted through Title 29. She explained the regulation would apply to E-911 system users, not carriers. She clarified it was the distinction between the RCA authority (over the system providers) and the E-911 system that the borough had been granted statutory authority over.

Representative Guttenberg restated that they had authority over 911. Ms. Dolan answered in the affirmative.

Representative Wilson asked whether the legislation impacted [military] bases in Alaska. Alternatively, she asked whether the federal government was exempt from the legislation.

Ms. Dolan answered that military bases had their own public safety answering points for their system. She detailed that the residential commercial customers on the base were part of the borough's E-911 system.

Representative Wilson asked whether the bases would fall under the bill requirements if the military made [phone system] upgrades.

Ms. Dolan answered that the military facilities would not fall under the bill requirements. She deferred to Mr. Gibbs for further detail pertaining to the system technology.

Representative Wilson clarified that she was not asking about the technology. She wanted to know who would be impacted by the bill requirements. She surmised that private housing [on bases] did not have multi-lines and would not be impacted by the bill. She wondered whether an ordinance made by the borough would apply to the buildings on the Fort Wainwright Military Base and Eielson Air Force Base.

[9:27:05 AM](#)

Ms. Dolan answered that Eielson was not part of the borough's E-911 service area, but Fort Wainwright was. She detailed that the Fort Wainwright buildings were not routed through the borough's public safety answering point. The borough worked with Fort Wainwright, but the calls were answered on the base; therefore, the base would not be impacted by the bill.

Co-Chair Foster OPENED and CLOSED public testimony.

[9:28:24 AM](#)

Representative Tilton MOVED to ADOPT Amendment 1, 30-LS1455\D.1 (Nauman, 4/11/18) (copy on file):

Page 1, line 1, following **"systems"**:  
Insert 11; **and relating to the use of the enhanced 911 surcharge revenue"**

Page 1. following line 2:  
Insert a new bill section to read:  
**\*\* Section 1.** AS 29.35.13 l(i) is amended to read:  
(i) A municipality may only use the enhanced 911 surcharge revenue for those costs of the enhanced 911 system that are authorized in this subsection. The surcharge revenue may not be used for any capital or operational costs for emergency responses that occur after the call is dispatched to the emergency responder. The surcharge revenue may not be used for constructing buildings, leasing buildings, maintaining buildings, or renovating buildings, except for the modification of an existing building to the extent

that is necessary to maintain the security and environmental integrity of the public safety answering point and equipment rooms. The surcharge revenue may be used for the following costs to the extent the costs are directly attributable to the establishment, maintenance, and operation of an enhanced 911 system:

(1) the acquisition, implementation, and maintenance of public safety answering point equipment and 911 service features;

(2) the acquisition, installation, and maintenance of other equipment, including call answering equipment, call transfer equipment, automatic number identification controllers and displays, automatic location identification controllers and displays, station instruments, 911 telecommunications systems, teleprinters, logging recorders, instant playback recorders, telephone devices for the deaf, public safety answering point backup power systems, consoles, automatic call distributors, and hardware and software interfaces for computer-aided dispatch systems;

(3) the salaries and associated expenses for 911 call takers [FOR THAT PORTION OF TIME SPENT TAKING AND TRANSFERRING 911 CALLS];

(4) training costs for public safety answering point call takers in the proper methods and techniques used in taking and transferring 911 calls;

(5) expenses required to develop and maintain all information necessary to properly inform call takers as to location address, type of emergency, and other information directly relevant to the 911 call-taking and transferring function, including automatic location identification and automatic number identification databases."

Page 1, line 3:

Delete "**Section 1**"

Insert "**Sec.2**"

Renumber the following bill section accordingly.

Representative Guttenberg OBJECTED for discussion.

Representative Tilton explained the amendment. She noted that in the previous session she had brought forward an E-911 bill at the request of the Mat-Su Borough; however, after the bill's introduction the borough's attorney thought they had come up with a way to work the situation

out. She appreciated the willingness of the sponsors for her to offer the amendment. She referenced Page 2, lines 3 through 5, that would allow municipalities to use E-911 revenue for any portion of the salaries of the call taker. She explained that the Mat-Su Borough had contracted with the City of Wasilla for E-911 services and unlike the other municipalities they were in a unique situation where the person answering the phone was also the dispatcher. She expounded that typically an incoming call was transferred to a dispatcher; however, in Mat-Su the person taking the call and acting as dispatcher meant they could be required to remain on the phone longer while responders reached the destination. The amendment would allow the cost for the entire call to go to E-911 charges. She had no intent to alter what E-911 funds were used for. She noted she had discussed the bill with service providers.

[9:30:54 AM](#)

Representative Guttenberg pointed to the numbered subsections in the amendment and asked for verification they were not listed in priority order [in terms of what surcharge revenue may be used for].

Representative Tilton answered that the list mirrored existing statute. She explained that the only change was to number 3.

Representative Guttenberg asked whether existing statute included any restrictions or limitations on how E-911 surcharges could be spent.

Ms. Dolan answered that the amendment would broaden one of the restrictions. She clarified that the list [shown in the amendment taken from current statute] showed what revenue could be used for and was not in priority order.

Representative Kawasaki noted that the City of Fairbanks had a 911 dispatch center used by the entire borough, and beyond. He stated that a person residing outside of the city limits would have the E-911 surcharge paid. He asked for verification that the staff would be city staff even when the caller lived outside of the city.

Representative Tilton answered that the amendment did not look to increase surcharges. She clarified that the amendment would mean E-911 would cover the cost of the

salaries of workers functioning as operators and dispatchers for the service.

Representative Kawasaki noted that the E-911 surcharge may be used to pay for city staff, even though the E-911 surcharge may be associated with a person residing outside city limits.

Representative Tilton replied that Mat-Su contracted with Wasilla, Palmer, and the state. She detailed that in typical dispatch centers a call was transferred to the appropriate public safety agency. However, in Mat-Su the operator answering the call was also the dispatcher and may stay on the line until the public safety officer reached the emergency destination. The amendment would allow the service to be covered under E-911 surcharges.

[9:34:49 AM](#)

Representative Kawasaki clarified his question. He explained that the amendment [item 3] pertained to salaries and associated expenses. He elaborated that approximately a dozen dispatchers in the City of Fairbanks were city employees. He wondered whether the E-911 surcharges would go to pay a city employee when the caller utilizing the service lived outside the city limits.

Representative Tilton noted that the call was also going through the dispatch center, so the individual would be receiving the service.

Representative Kawasaki stated that the existing wording specified the associated expenses for the portion of time spent for the E-911 person. Whereas, the amendment meant the taxes received outside of a borough could be used to pay for a city employee. He asked if his understanding was accurate.

Ms. Dolan answered that the concern was probably valid in the Fairbanks Borough. She explained that most of the E-911 service area was the borough outside the city. They contracted with the City of Fairbanks for the 911 call taking portion. A workload analysis was conducted, and the work equated to approximately four positions at the Fairbanks Emergency Communications Center answering 911 calls and paid with surcharge revenue. The analysis pertained to the scenario provided by Representative

Kawasaki. She elaborated that after the 911 call was complete, for example, once the dispatch was made to the fire department, the fire department had its own contract for the dispatch services that continued. She explained that if they paid for all the dispatch positions at the city, the E-911 surcharge revenue would be used to dispatch police or fire calls, which was not a service provided to every user paying E-911 surcharge revenue.

[9:37:26 AM](#)

Representative Kawasaki stated that the amendment would use the surcharge to pay for more of the dispatcher's time. He explained that if he resided in the borough as opposed to the City of Fairbanks he would be upset. He reiterated the amendment was a policy call.

Vice-Chair Gara stated that the amendment would broaden the cost the surcharge could be used for to all the work done by individuals taking 911 calls instead of the portion of the work related to taking and transferring 911 calls. He stated that more money from the surcharge would be available for 911 call takers under the amendment. He wondered whether it would spread the surcharge funds too thin or have any other negative impacts.

Senator Coghill answered that he had been generally supportive of the amendment, primarily pertaining to the situation in Mat-Su. However, he did not know the answer to some of the questions that had arisen. He had been supportive of the amendment because the 911 service call providers generally were using a broad area anyway and were needed when it came to cell phone issues where they were typically the provider of the service. For example, North Pole contracted with Fairbanks. He reiterated that he did not know the answer to some of the questions that had arisen, but generally, he had communicated to the sponsor that he was amenable to the amendment.

[9:39:49 AM](#)

Representative Ortiz spoke about a concern he had received via email from a public utility constituent who dealt with 911 services. He quoted from the email: "it appears to allow various entities in the state to begin drawing down additional funds from an already limited 911 funding pool."

He asked whether this interpretation of the amendment was accurate.

Representative Tilton addressed the unique situation in Mat-Su where the operator was acting as a dispatcher and call taker. The amendment allowed the [dispatch] portion to be covered but did not require it. She elaborated it was not about who was making the call, it was about who was taking the call. The system was boroughwide but operated by cities.

9:41:30 AM

AT EASE

9:44:38 AM

RECONVENED

Representative Tilton explained that the money was already coming into the Mat-Su Borough and was held in a separate pot. The borough contracted with the City of Wasilla and had the money but was unable to use the funds without the expansion.

Representative Kawasaki understood the situation was similar in the City of Fairbanks. He explained that the City of Fairbanks had a dispatch center, which the borough used via contract for areawide dispatch services. He explained that currently the cost coverage had been limited to the work dealing with the 911 issue. Whereas, the amendment proposed the salaries for the 911 call takers (dispatch center employees) could be reimbursed under the E-911 fund. He was concerned about other things the fund was used for and if the amendment would result in cuts elsewhere.

Mr. Gibbs asked Representative Kawasaki to repeat the question.

Representative Kawasaki complied. He asked how the borough utilized E-911 surcharge funds.

Mr. Gibbs responded that the borough provided the 911 work stations, the network connecting the public safety answering points, street addressing for 911 purposes, support for GIS [geographic information system] work that went into 911 mapping, and labor to answer the 911 calls

(the borough had a services agreement with the city to provide labor).

[9:47:22 AM](#)

Representative Kawasaki stated that the question pertained to the amendment. He noted that currently a portion of E-911 funds went to support call takers. He explained that the amendment proposed to delete that portion and specified that the fund would pay for the salaries and associated expenses of 911 call takers. The amendment would mean a dispatcher working for the City of Fairbanks who was partly using the E-911 surcharge for transferring calls would be allowed to request E-911 surcharge funds to be taken. He wanted to know if there was enough E-911 money to go around.

Mr. Gibbs responded that the negotiation with the city could be contentious when the borough went to renew the services agreement depending on how much labor costs were attributed to the 911 program. The issue would depend on whether there was enough funding. He explained there was a little reserve in the surcharge assessed to residents. He stated that the surcharge could be increased, but it would result in a tax increase. He elaborated that a lengthy negotiation and time study had been conducted to determine the level of effort to support 911 call taking. He reported that the borough had been fairly satisfied with the resulting agreement.

Representative Kawasaki asked what percentage of time was used by E-911 services in the current contract. He asked for details on the contract.

Mr. Gibbs replied that the borough estimated about 19 percent of the time went to receiving and handling 911 calls. The time had been converted to four or five full-time [positions] and the borough agreed to fund five positions as needed to answer and transfer 911 calls.

[9:50:08 AM](#)

Representative Kawasaki spoke to his concern that the amendment would mean paying for much more out of the E-911 funds. He surmised that it could mean paying up to 100 percent of the time as opposed to 19 percent.

Mr. Gibbs understood and reported that every few months the issue arose where the city communicated it wanted more funds from the borough to support dispatch operations.

Representative Wilson asked whether Mr. Gibbs had the amendment.

Mr. Gibbs answered in the affirmative.

Representative Wilson asked whether it would make a difference to narrow the amendment language to "salaries and associated expenses during the 911 call." She believed that was the goal of the amendment.

Mr. Gibbs answered that when the borough had done the workload calculation analysis the consideration had been that the time was credited to handling 911 calls. He believed the existing statute was clear about what time was eligible for the surcharge funding. He could not really help with the additional language.

Representative Wilson asked whether call takers in Fairbanks were ever required to remain on the phone until the police or responders arrived at the emergency destination.

[9:52:43 AM](#)

Mr. Gibbs answered that there were regulars who stayed on the line with a caller when needed. He explained that the Alaska State Troopers were also on the 911 network and if a call taker could not transfer the call to the troopers they remained on the line with the caller and complete the call until they could reach the troopers. Similar action was taken when the borough received wireless calls needing to be transferred to Fort Wainwright. He elaborated that sometimes the call takers at Fort Wainwright were busy. The borough considered it time handling 911 calls and covered by the surcharge.

Representative Thompson surmised that the Fairbanks North Star Borough and the City of Fairbanks had worked out the situation well by determining the amount of time the city's dispatchers spent on 911 calls that were spread across the borough. He thought it meant they had figured out the need for four employees' salaries and expenses. He thought the Mat-Su Borough needed to work out a similar contract. He

understood where the issue came from if Mat-Su agreed to pay a flat fee for each 911 call, it would restrict the amount of money they could get from the borough. He thought many of the calls required the call takers to remain on the line and he believed there should be some way to compensate for the time a dispatcher was on the phone. He reasoned that a person could be on the phone for 45 minutes to ensure an emergency had been handled. He understood that a flat fee for each call did not cover the problem where call takers were faced with remaining on the phone for longer periods of time. He was in favor of the amendment.

9:55:14 AM

Representative Guttenberg thought part of the problem was that one size did not fit all. He thought that the situation had worked out in Fairbanks. He did not know whether it was a negotiation problem between the entities in Mat-Su or that the 911 fees collected were too high, which resulted in extra money to transfer over. He discussed existing statute and reasoned that with living in the city and the borough the problem would be the same if more than the cost of the system was transferred into another political entity. He elaborated that the recipient would be paying for more services they were not eligible to get, which he found problematic. He asked whether Ms. Dolan had any perspective on the Mat-Su problem.

Ms. Dolan did not want to speculate. She explained that a similar request had been made in Fairbanks - other agencies with limited resources were looking at the E-911 surcharge revenue as a possibility to make up some of those deficits. She stated that if Mat-Su had a fund balance in its E-911 surcharge revenue it may be stranded in the sense that it was not needed for equipment replacement or current expenses for 911 call taking, the borough may have a resource it could not spend without a statutory change. Whereas, Fairbanks was not in a similar situation. She knew there was at least one other borough that was at the maximum surcharge revenue it could collect, and it did not have excess revenue to spend. She believed the situation was likely a result of Mat-Su's fund balance and not a result of its negotiations.

Representative Guttenberg stated that the issue was someone paying taxes for services they were not eligible for. He detailed that if someone in the borough was paying the full

salary for someone in the city, all the 911 service charges were covered, yet they were also paying for city police, sewer and water, or fire, which they were not eligible for. He believed it seemed like a problem.

Co-Chair Foster relayed the committee would recess [note: the meeting never reconvened].

SB 215 was HEARD and HELD in committee for further consideration.

[Note: discussion on CSSB 215(FIN)am continued during the afternoon meeting. See April 16, 2018 1:30 p.m. minutes for detail.]

#  
ADJOURNMENT

[9:58:42 AM](#)

The meeting was adjourned at 9:58 a.m.