



SENATE BILL 939: Extend TRS Surcharge to Wireless Connections

BILL ANALYSIS

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Introduced by: Senator Kerr
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SUMMARY: *Senate Bill 939 would allow the Wireless 911 Board to collect eleven cents per month from each wireless phone customer. The moneys would be used to fund the statewide telecommunications relay service (TRS) for the hearing and speech impaired persons. The TRS program is administered by the Department of Health and Human Services. The Proposed Committee Substitute provides that the Wireless 911 Board will collect the surcharge from the wireless providers, it provides a 1% administrative fee to the wireless providers, and it removes the provision setting the fee for 2004 at 8¢, thus leaving unchanged the current fee rate of 11¢.*

CURRENT LAW: In 1989, the General Assembly of North Carolina established a statewide Telecommunications Relay System (TRS) to provide access to telecommunications services for deaf, hard of hearing, deaf-blind, and speech impaired individuals.

G.S. 62-157 granted authority to the Utilities Commission to require local exchange companies and telephone membership corporations to impose a monthly surcharge on all residential and business local exchange access facilities ("land lines") to fund the program. The Commission sets the monthly surcharge based upon the amount of funding necessary to implement and operate the system, including a reasonable margin for a reserve. Although the Commission regulates the program, the Department of Health and Human Services, through the Division of Services for the Deaf and the Hard of Hearing, administers, operates, and promotes the program. The Division must give a comprehensive financial and operational report on the TRS program to both the Commission and the Revenue Laws Study Committee. Whenever the Division believes that its review of the funding requirements of the program exceeds the amount of revenue generated by the monthly surcharge, it may petition the Commission to change the amount of the monthly surcharge. The surcharge, which is currently 11¢, may not exceed 25¢ per access line per month.

In 1999, the NCGA amended G.S. 62-157 to allow DHHS to use up to four (4) cents per access line per month in the surcharge for distribution of telecommunications equipment to eligible North Carolinians. Wireless customers do not currently pay the surcharge, but they can access TRS services with their cell phones.

BILL ANALYSIS: Senate Bill 939 extends the current TRS surcharge imposed on landline phones to wireless phones.¹ The bill provides that a CMRS² provider must, as part of its monthly billing process, collect the same surcharge imposed on each landline phone from each CMRS connection. A CMRS

¹ There are approximately 3.5 million wireless connections and approximately 5 million landline phones.

² Commercial mobile radio service. The term is defined in federal law and includes service provided by any wireless two-way voice communication device. The same definition is used for the imposition of the 911 surcharge.

SENATE BILL 939

Page 2

connection means each mobile handset telephone number assigned to a CMRS customer with a place of primary use in North Carolina. The CMRS provider may deduct a 1% administrative fee from the surcharge collected.³ The remainder must be remitted to the Wireless 911 Board in the same manner and on the same schedule as the funds are handled by the local service providers. The Board must remit the surcharge revenues collected to the State Treasurer to be credited to the interest-bearing, nonreverting account established to fund the TRS program.

BACKGROUND: Deaf and Hard of Hearing people comprise 8.6% of North Carolina's population;. The Department of Health and Human Services expects that figure to increase due to a projected increase in the elderly population. In order for these individuals to use telephone services, they use a relay service which involves a box-like device called TTY or TDD to communicate with a Hearing person with the assistance of a Relay operator.

The program for overseeing the relay service, video relay service, and distribution of telecommunications equipment is called Telecommunication Access of North Carolina (TANC). The program overseeing the distribution of equipment is called the Telecommunications Equipment Distribution Program (TEDP). TEDP was implemented in July, 2000. Up to four (4) cents per access line per month in the surcharge is used to purchase and distribute equipment to eligible North Carolinians. At this time, less than one (1) percent of all eligible North Carolinians have received equipment.

The surcharge supports the following:

1. \$4.5 million contract with Sprint to operate relay services in North Carolina (contract to be re-bid in 2004)
2. Four (4) full-time positions (TANC Administrator, TEDP Administrator, Office Assistant, TEDP Program Assistant)
3. Miscellaneous expenses (sign language interpreters, outreach activities and basic operations), and TEDP vendor contracts (\$200,000 per annum)

Currently, Illinois, Indiana, Kansas, Louisiana, Minnesota, Montana, Nebraska, Oregon, Texas and Vermont collect revenue from both land line and wireless service providers to provide relay and equipment services similar to those provided in North Carolina. Some of these states have been collecting from both types of phone customers since the beginning of their relay programs. The general trend in other states has been a decrease in the number of land lines and a corresponding increase in the number of wireless lines. Due to this trend, several states have enacted legislation mandating the inclusion of wireless service providers as a revenue source in order to maintain operation of telecommunications relay and equipment distribution services.

³ The current law allows the local service providers to be compensated for their expenses of collecting and remitting the surcharge. The Utilities Commission sets the rate of compensation for the local service providers. It is my understanding that the current administrative fee allowed to local service providers is one cent per access line per month.