

29 January 2010

The Honorable Harry Green  
Tennessee Advisory Commission on Intergovernmental Affairs  
226 Capitol Boulevard Building, Suite 508  
Nashville, Tennessee 37243

Re: TACIR Study of House Bill 0204

Dear Mr. Green:

CTIA – The Wireless Association appreciates the opportunity to provide comments to the Tennessee Advisory Commission on Intergovernmental Relations (TACIR) as it prepares its study as directed by HB 0204, passed by the General Assembly in 2009. First and foremost, CTIA commends the state and the Tennessee Emergency Communications 911 Board for the tremendous achievement in reaching statewide deployment of both Phase I and Phase II capability.

Achieving statewide deployment of Phase I and II in Tennessee is a milestone that the wireless industry and its customers made significant contributions towards. To help support state E-911 systems, the wireless industry has dedicated billions of dollars nationwide to deploying the necessary infrastructure to enable carriers to route emergency calls to the nearest Public Safety Answering Points (PSAPs) and identify the caller's location through either network or handset-based methods. According to the Federal Communications Commission (FCC), contributions from wireless consumers in Tennessee has increased significantly over the last decade as subscribership has gone from approximately 1.8 million in 2000 to 5.7 million wireless subscribers in 2008.

Based on the achievement of statewide Phase I and Phase II deployment, the negative financial impact on Tennessee consumers of a 50% increase in the 911 fee to a \$1.50 per customer/per month, the growth in wireless subscribers and the estimated \$50 million surplus in the 911 fund, we fully support the conclusion of the recent TACIR Interim Report that recommends that Tennessee “should not raise its wireless ECD rates from \$1 to \$1.50.”

In addition to supporting a reasonable fee for 911 services and one solely dedicated to 911 services, the industry believes that all purchasers of prepaid service should contribute to the public safety system. Unlike other wireless service, prepaid wireless services are not billed on a monthly basis and are often sold through retail channels that are not exclusive to wireless carriers. Therefore, in order to help ensure ongoing support of E-911 funding by wireless prepaid customers, the wireless industry maintains that it will be necessary to collect the E-911 fee on all retail sales of wireless prepaid airtime whether sold by retail merchants or wireless service providers. The wireless industry is working with the Tennessee legislature to advance legislation in the 2010 session that will collect an appropriate fee from prepaid customers at the point-of-sale that will provide the state with a fair, efficient and predictable funding stream from prepaid users.

We believe E-911 services must be periodically reviewed and fees should be adjusted based on actual direct costs of achieving statewide deployment of wireless E-911 service. In addition, funding requirements should decrease as soon as states become Phase I and Phase II compliant. Sound tax and public policy supports the principle that government costs related to providing a common public service, such as E-911 service, should be funded from general revenue. The industry recognizes that migrating from the fee structure that exists today to full funding for these costs from general revenues will take time and is recognized as a long-term goal of the industry. E-911 services benefit all Americans and in the 21<sup>st</sup> Century the need for a transparent, fully functioning, fully funded, efficiently run system is critical, the cost of which should be borne by all constituents.

Sincerely,



K. Dane Snowden  
Vice President  
External & State Affairs

