

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005**

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HOUSE DRH30286-RL-3 (04/21)

Short Title: 911 Service Taxes.

(Public)

Sponsors: Representatives Saunders and Brubaker (Primary Sponsors).

Referred to:

A BILL TO BE ENTITLED

1
2 AN ACT TO FURTHER THE GOALS OF HOMELAND SECURITY BY
3 TRANSFERRING THE COLLECTION OF 911 SERVICE TAXES TO LOCAL
4 GOVERNMENTS AND BY ELIMINATING EXISTING CHARGES ON
5 TELEPHONE SUBSCRIBERS.

6 Whereas, a monthly 911 charge has been imposed on North Carolina
7 telephone subscribers since 1989 to expedite the provision of emergency locating
8 services, particularly in rural areas; and

9 Whereas, this 911 charge is an indirect, hidden tax on telephone subscribers,
10 which was supposed to be substantially reduced once emergency locating systems had
11 been established; and

12 Whereas, telecommunications companies have been increasingly impacted by
13 competition since the creation of the charge, and the continuation of monthly 911
14 charges places telephone companies at a competitive disadvantage; and

15 Whereas, it is now appropriate to change the method used to collect the
16 existing tax by granting local governments the authority to levy special-use taxes to
17 fund 911 services, thereby replacing the indirect, hidden taxes imposed by the existing
18 monthly 911 telephone charge system; Now, therefore,
19 The General Assembly of North Carolina enacts:

20 **SECTION 1.** G.S. 62A-3 is amended by adding two new subdivisions to
21 read:

22 "(7a) "PSAP" means a public safety answering point operated by a local
23 government that provides 911 service and emergency radio dispatch
24 service.

25 "(10) "Training" means any educational or professional developmental
26 resource that enhances the receipt and processing of emergency calls,
27 and the proficiency of emergency call taking and related call

1 processing. This includes, but is not limited to, education, professional
2 development, certification, and recertification of PSAP staff and
3 support personnel related to the intake and processing of emergency
4 calls. This also includes all associated cost of the training and related
5 registrations, workbooks, manuals, software, and travel expenses."

6 **SECTION 2.** G.S. 62A-4 reads as rewritten:

7 "**§ 62A-4. 911 charges. special-use tax.**

8 ~~(a) Subject to the provisions of subsections (b) through (d) of this section the~~
9 ~~governing authority of any local government currently operating or participating in a~~
10 ~~PSAP is authorized to adopt an ordinance to impose a monthly 911 charge upon each~~
11 ~~exchange access facility subscribed to by telephone subscribers whose exchange access~~
12 ~~lines are in the area served or which would be served by the 911 service. The 911~~
13 ~~charge must be uniform and may not vary according to the type of exchange access~~
14 ~~facility used.~~ 911 special-use tax for the purpose of providing a 911 system and
15 Enhanced 911 service as defined in G.S. 62A-3(1). A 911 special-use tax shall be
16 adopted in accordance with G.S. 105-510.

17 ~~(b) The ordinance authorized in subsection (a) of this section may be adopted~~
18 ~~after one of the following procedures is followed:~~

19 ~~(1) The governing authority by resolution requests the county or municipal~~
20 ~~board of elections, as appropriate, to conduct a special election on a~~
21 ~~date certain, in which a majority of those voting who are residents of~~
22 ~~the political subdivision vote to authorize the ordinance.~~

23 ~~(2) After a public hearing held upon not less than 10 days public notice.~~

24 ~~(c) There may be only one attempt to adopt an ordinance under subdivision~~
25 ~~(b)(1) of this section in any calendar year. Any special election shall be conducted using~~
26 ~~the procedures set out in G.S. 163-287.~~

27 ~~(d) The ordinance shall fix a date on which it and the imposition and collection of~~
28 ~~the charges as provided in the ordinance shall become effective, but the effective date~~
29 ~~shall be at least 120 days following the date of adoption of such ordinance by the~~
30 ~~governing authority of the local government."~~

31 **SECTION 3.** G.S. 62A-5 reads as rewritten:

32 "**§ 62A-5. Payment and collection of charges. for 911 service.**

33 ~~(a) The subscriber of an exchange access facility will be billed for the monthly~~
34 ~~911 charges, if any, imposed with respect to that facility. Each service supplier shall, on~~
35 ~~behalf of the local government, collect the charges from those subscribers to whom it~~
36 ~~provides exchange telephone service in the area served by the 911 service. As part of its~~
37 ~~normal monthly billing process, the service supplier shall collect the charges for each~~
38 ~~month or part of the month an exchange access facility is in service, and it may list the~~
39 ~~charge as a separate entry on each bill. If a service supplier receives a partial payment~~
40 ~~for a monthly bill from a subscriber, the service supplier shall apply the payment against~~
41 ~~the amount the subscriber owes the service supplier first.~~

42 ~~(b) A service supplier has no obligation to take any legal action to enforce the~~
43 ~~collection of the 911 charges for which any subscriber is billed. However, a collection~~
44 ~~action may be initiated by the local government that imposed the charges and~~

1 reasonable costs and attorneys' fees associated with that collection action may be
2 awarded to the local government collecting the 911 charges.

3 (e)(a) The local government subscribing to 911 service shall remain ultimately
4 responsible to the service supplier for all 911 rates and charges, including recurring
5 charges, associated with 911 services that the government subscribes to from the service
6 supplier including, but not limited to, the 911 service installation, facilities, service,
7 equipment, operation, and maintenance charges required for answering, transferring,
8 and dispatching of public emergency calls originated by persons within the local
9 government's servicing area, that is owed to the service supplier. Without regard to the
10 other purposes for which funds collected through the 911 special-use tax may be used,
11 payment for all rates and charges of the service provider shall be entitled to priority
12 payment over payment for any other purpose provided for in G.S. 62A-8. Upon request
13 by the local government, the service supplier shall provide the local government with a
14 list of amounts uncollected along with the names and addresses of telephone subscribers
15 who have not paid the 911 charge.

16 (d)(b) ~~Any taxes~~ All service rates and charges due on 911 service provided by the
17 service supplier will be billed to the local government subscribing to that service."

18 **SECTION 4.** G.S. 62A-6 is repealed.

19 **SECTION 5.** G.S. 62A-7 reads as rewritten:

20 "**§ 62A-7. Emergency Telephone System Fund.**

21 (a) The fiscal officer of the local government to whom 911 charges are remitted
22 under G.S. 62A-6 shall deposit the charges all collections from 911 special-use taxes
23 into in a special revenue fund pursuant to G.S. 159-26(b)(2). The Fund shall be known
24 as the Emergency Telephone System Fund. The fiscal officer may invest money in the
25 Fund in the same manner that other money of the local government may be invested.
26 The fiscal officer shall deposit any income earned from such an investment in the
27 Emergency Telephone System Fund.

28 (b) Local governments that impose a 911 special-use tax shall file annual reports
29 with the Joint Legislative Utility Review Committee detailing the amount collected
30 from such special-use taxes and how the proceeds from such special-use taxes were
31 expended."

32 **SECTION 6.** G.S. 62A-8 reads as rewritten:

33 "**§ 62A-8. Payments from Fund.**

34 (a) Money from the Emergency Telephone System Fund shall be used only to
35 pay for:

36 (1) The lease, purchase, or maintenance of emergency telephone
37 equipment, including necessary computer hardware, software and
38 database provisioning, addressing, ~~and~~ nonrecurring costs of
39 establishing a 911 system, and system, and maintenance of a radio
40 system for the dispatch of emergency calls.

41 (2) The rates associated with the service supplier's 911 service and other
42 service supplier recurring charges.

43 (3) Training of PSAP staff and support personnel related to call intake and
44 processing of emergency calls for assistance. The total annual

allowable expenditure under this subdivision shall not exceed two percent (2%) of the PSAP's total annual budget.

(4) The installation, maintenance, and required upgrades for security and environmental health systems related to the operations of a PSAP communications center. The total annual allowable expenditure under this subdivision shall not exceed three percent (3%) of the PSAP's total annual budget.

(b) The following expenses are not eligible for payment from the Fund: the lease or purchase of real estate, cosmetic remodeling of emergency dispatch centers, ~~hiring,~~ hiring, ~~training,~~ and compensating dispatchers, and the purchase of mobile communications vehicles, ambulances, fire engines, or other emergency vehicles.

(c) A local government may contract with a service supplier for any term negotiated by the service supplier and the local government and may make payments from the Emergency Telephone System Fund to provide any payments required by the contract."

SECTION 7. Chapter 105 of the General Statutes is amended by adding a new article to read:

"Article 43.

"911 Special-Use Taxes.

"§ 105-510. 911 Special-use taxes.

(a) Pursuant to G.S. 62A-4, any local government is authorized to adopt an ordinance imposing a special-use tax for the purpose of providing a 911 system and 911 service as defined in G.S. 62A-3(1). The aggregate of any such special-use tax in the first year it is imposed shall not exceed the amount of monies collected the preceding year by the local government from 911 telephone surcharge fees. The amount of any such special-use tax in years following the year in which it is first imposed shall not exceed twenty-four dollars (\$24.00) per taxpayer.

(b) The 911 special-use tax authorized in subsection (a) of this section may be adopted after one of the following procedures is followed:

(1) The governing authority by resolution requests the county or municipal board of elections, as appropriate, to conduct a special election on a date certain, in which a majority of those voting who are residents of the political subdivision vote to authorize the ordinance.

(2) After a public hearing held upon not less than 10 days' public notice.

(c) There may be only one attempt to adopt a 911 special-use tax under subdivision (b)(1) of this section in any calendar year. Any special election shall be conducted using the procedures set out in G.S. 163-287.

(d) The governing authority shall fix a date on which the imposition and collection of the 911 special-use tax shall become effective, but the effective date shall be at least 120 days following the date of adoption of such tax by the governing authority of the local government."

SECTION 8. A local government may not impose a 911 special-use tax pursuant to this act until it has spent all monies held in its Emergency Telephone System Fund on the date this act becomes effective.

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SECTION 9. This act is effective when it becomes law.