

NENA Model Baseline Guidelines for Drafting Statutes or Rules Associated with Prepaid Wireless Service and 9-1-1 Emergency Service Fees

Regulatory/Legislative Information Document (RLID)



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1 **1 Executive Overview**

2 This document is provided as a model baseline guideline for those responsible for drafting statutes or
3 rules associated with prepaid wireless service and 9-1-1 emergency service fees. While not full
4 model legislation, the model guidelines are intended to assist in the drafting of new or modified
5 rules, regulations or statutes concerning the application of 9-1-1 fees/surcharges for prepaid wireless
6 service.

7 **2 Introduction**

8 **2.1 Purpose and Scope of Document**

9 This document is intended to assist the drafting of new or modified rules, regulations or statutes
10 concerning the application of 9-1-1 fees/surcharges for prepaid wireless service. The language
11 provides more than one method for implementing a 9-1-1 fee/surcharge for prepaid wireless service.
12 This approach was taken due to the reality that not all stakeholders in the states (prepaid wireless
13 service providers, retail providers, 9-1-1 governing authorities, Public Safety Answering Points
14 (PSAPs) and others) will necessarily agree on a single method to impose and collect a 9-1-1 fee for
15 prepaid wireless service. The options described in the document have largely been taken from
16 versions of existing state statutes with some modifications.

17 **2.2 Reason to Implement**

18 This document has been issued because prepaid wireless service is a growing segment within the
19 overall consumer wireless industry. Increasingly, consumers are opting for a form of prepaid
20 wireless service whereby a specified number of minutes are purchased at retail outlets or online
21 rather than the traditional monthly billed wireless service. This form of wireless service offers
22 challenges in implementing a 9-1-1 fee and does not always fit nicely within statutes/regulations that
23 may not have fully contemplated these types of services. This is particularly true for those wireless
24 providers whose only service offerings are in the form of a prepaid service. Nonetheless, ensuring
25 that the 9-1-1 system is funded in a fair and equitable manner is a priority for the sustainability of the
26 9-1-1 system.

27 **2.3 Reason for Reissue**

28 NENA reserves the right to modify this document. Upon revision, the reason(s) will be provided in
29 this section.

Document Number	Approval Date	Reason For Issue/Reissue
NENA 60-601 Version 1	09/24/2008	Initial Document
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31 **2.4 Cost Factors**

32 There will be some costs associated with the administration, collection and remittance of 9-1-1 fees
33 associated with prepaid wireless service. Cost factors are also currently present for the collection of

34 9-1-1 fees for post-paid wireless and wireline service providers. Costs for any stakeholders involved
35 in the administration, collection and remittance of prepaid wireless 9-1-1 fees should be addressed in
36 rules, regulations or statutes that are developed for prepaid wireless service. (Currently, a one or two
37 percent administrative fee has been used in practice to defray collection and remittance costs.)

38 **3 Model Baseline Guidelines for Drafting Statutes or Rules Associated with** 39 **Prepaid Wireless Service and 9-1-1 Emergency Services Fees**

40 **3.1 Purpose and Rationale**

41 Because the issue of prepaid wireless service and wireless 9-1-1 fees/surcharges (hereinafter
42 “wireless 9-1-1 fees”) is being considered or studied by legislative, administrative, regulatory, tax
43 and/or policy making bodies, specific basic model guidelines for drafting may assist these bodies
44 and other interested parties on these issues and may promote greater fairness, parity, and
45 stabilization of wireless 9-1-1 fees and 9-1-1 funding associated with growing consumer use of
46 prepaid wireless service.

47 **3.2 Basic Definitions**

48 "Prepaid wireless service" means wireless service that is activated in advance by payment for a finite
49 dollar amount of service or for a finite set of minutes that terminates either upon use by a customer
50 and delivery by the wireless provider of an agreed-upon amount of service corresponding to the total
51 dollar amount paid in advance or within a certain period of time following the initial purchase or
52 activation, unless the customer makes additional payments. The term does not include a wireless
53 service plan that automatically charges the customer’s or subscriber’s credit card, debit card, or
54 registered financial account for a specific amount on a recurring date or arrangement.

55 "Prepaid wireless telephone service provider" means a cellular or wireless telecommunications
56 service provider that sells prepaid wireless telephone service at wholesale or retail.

57 “Retail” means sales by a prepaid wireless telephone service provider directly to the end user
58 customer or to a non-prepaid wireless telephone service provider through a voluntary contractual
59 relationship in which the service is sold directly to the end user customer on behalf of the prepaid
60 wireless telephone service provider.

61 “Wholesale” means sales by the prepaid wireless telephone service provider to a non-prepaid
62 wireless telephone service provider who sells service on behalf of the prepaid wireless telephone
63 service provider.

64 **3.3 Basic Alternatives**

65 For prepaid wireless service, the prepaid wireless telephone service provider shall:

66 (1) collect the wireless 9-1-1 fee on a monthly basis from each customer whose account
67 balance is equal to or greater than the amount of the wireless 9-1-1 fee on the last day of the month
68 for remittance to the government entity; or

69 (2) collect the wireless 9-1-1 fee, or make voluntary contractual arrangements with a retail
70 seller of prepaid wireless telephone service to collect the wireless 9-1-1 fee and transfer those funds

71 to the wireless telephone service provider for remittance to the governmental entity, from the
72 customer at the point-of-sale for each 30-day increment of prepaid wireless telephone service that is
73 purchased at the time of sale. [Note: States may wish to provide more detail in defining “30 day
74 increment” or consider alternative increments. Such detail could be provided in the statute or be
75 adopted via a rulemaking if applicable], or

76 (3) collect the wireless 9-1-1 fee indirectly from customers by calculating the total wireless
77 9-1-1 fee owed by its customers and remitting that amount to the government entity. A prepaid
78 wireless telephone service provider that elects the collection method specified in this subparagraph
79 must calculate the total wireless 9-1-1 fee owed for the month by:

80 (A) dividing its total intrastate prepaid wireless revenue for the month by the national
81 Average Revenue Per User for prepaid wireless service, as defined by the relevant statutory
82 agency [Note: Several state statutes incorporate \$50.00 as the national Average Revenue Per
83 User amount; statutes may want to have the ARPU determined by FCC reports, if available];
84 and

85 (B) multiplying the result obtained under subparagraph (1) by the amount of the
86 wireless 9-1-1 fee.

87 **3.4 Monitoring and Enforcement**

88 (1) In general, regardless of the method of collection chosen, the wireless service provider shall be
89 subject to audit by the governmental entity and shall be subject to penalties and interest for
90 violations or improper remittances to the governmental entity for each violation or improper
91 remittance.

92 (2) The wireless service provider that enters into voluntary contractual arrangements with a retail
93 seller of prepaid wireless telephone service to collect the wireless 9-1-1 fee and transfer those funds
94 to the wireless telephone service provider for remittance to the governmental entity shall provide to
95 the governmental entity a monthly list of each of such retail seller and the amount of funds
96 transferred and remitted to the 9-1-1 governmental entity. Both the wireless service provider and the
97 retail seller shall be subject to audit by the governmental entity and shall be subject to penalties and
98 interest for violations or improper remittances to the governmental entity for each violation or
99 improper remittance.

100 (3) The wireless service provider that provides both prepaid and postpaid wireless services shall
101 separately identify the amount of prepaid and postpaid wireless services in its remittance reports to
102 the governmental entity.

103 **4 Point of Sale Approach**

104 This document articulates three methods for providers of prepaid wireless telephone service to
105 choose from to collect 9-1-1 fees on behalf of their customers, including a voluntary contractual
106 arrangement with retail outlets that sell prepaid service. Some, including the Cellular
107 Telecommunications and Internet Association (CTIA), advocate a model that mandates collection by
108 retail outlets as the only method for 9-1-1 fee collection, referred to as the “Point of Sale (POS)
109 Model”. At this time, NENA does not support the POS model as the only approach to collecting 9-1-

110 1 fees for prepaid wireless sales. However, NENA and others in public safety remain open to further
111 discussions with representatives of the wireless and retail industries to pursue the potential viability
112 of this option.

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