STATE OF OKLAHOMA

1st Session of the 55th Legislature (2015)

SENATE BILL 672

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AS INTRODUCED

By: Griffin

An Act relating to telecommunications; amending 17 O.S. 2011, Section 139.102, as last amended by Section 1, Chapter 245, O.S.L. 2014 (17 O.S. Supp. 2014, Section 130.102), which relates to the Oklahoma Telecommunications Act of 1997; modifying definitions; defining terms; amending 17 O.S. 2011, Section 139.107, which relates to distribution of funds; providing for collection of certain charges to be applied to the Oklahoma Universal Service Fund; stating procedures; providing for conversion of funds; stating application date; restricting certain rate change to once annually; amending 63 O.S. 2011, Section 2843.2, which relates emergency prepaid wireless telephone fee; defining terms; modifying definitions; providing for certain combined fees; modifying procedures for collection and distribution of fees; restricting use of certain funds; and providing an effective date.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 17 O.S. 2011, Section 139.102, as

last amended by Section 1, Chapter 245, O.S.L. 2014 (17 O.S. Supp.

2014, Section 139.102), is amended to read as follows:

Section 139.102. As used in the Oklahoma Telecommunications Act

of 1997:

1. "Access line" means the facility provided and maintained by a telecommunications service provider which permits access to or from the public switched network;

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- 2. "Commission" means the Corporation Commission of this state;
- 3. "Competitive local exchange carrier" or "CLEC" means, with respect to an area or exchange, a telecommunications service provider that is certificated by the Commission to provide local exchange services in that area or exchange within the state after July 1, 1995;
- 4. "Competitively neutral" means not advantaging or favoring one person over another;
- 5. "End User Common Line Charge" means the flat-rate monthly interstate access charge required by the Federal Communications

 Commission that contributes to the cost of local service;
- 6. "Enhanced service" means a service that is delivered over communications transmission facilities and that uses computer processing applications to:
 - a. change the content, format, code, or protocol of transmitted information,
 - provide the customer new or restructured information,
 or
 - c. involve end-user interaction with information stored in a computer;

7. "Exchange" means a geographic area established by an incumbent local exchange telecommunications provider as filed with or approved by the Commission for the administration of local telecommunications service in a specified area which usually embraces a city, town, or village and its environs and which may consist of one or more central offices together with associated plant used in furnishing telecommunications service in that area;

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- 8. "Facilities" means all the plant and equipment of a telecommunications service provider, including all tangible and intangible real and personal property without limitation, and any and all means and instrumentalities in any manner owned, operated, leased, licensed, used, controlled, furnished, or supplied for, by, or in connection with the regulated business of any telecommunications service provider;
- 9. "High speed Internet access service" or "broadband service" means, as used in Section 139.110 of this title, those services and underlying facilities that provide upstream, from customer to provider, or downstream, from provider to customer, transmission to or from the Internet in excess of one hundred fifty (150) kilobits per second, regardless of the technology or medium used including, but not limited to, wireless, copper wire, fiber optic cable, or coaxial cable, to provide such service;

10. "Hospital" means a healthcare entity that has been granted a license as a hospital by the Oklahoma Department of Health for that particular location;

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- 11. "Incumbent local exchange telecommunications service provider" or "ILEC" means, with respect to an area or exchanges, any telecommunications service provider furnishing local exchange service in such area or exchanges within this state on July 1, 1995, pursuant to a certificate of convenience and necessity or grandfathered authority;
- 12. "Interexchange telecommunications carrier" or "IXC" means any person, firm, partnership, corporation or other entity, except an incumbent local exchange telecommunications service provider, engaged in furnishing regulated interexchange telecommunications services under the jurisdiction of the Commission;
- 13. "Internet" means the international research-oriented network comprised of business, government, academic and other networks;
- 14. "Local exchange telecommunications service" means a regulated switched or dedicated telecommunications service which originates and terminates within an exchange or an exchange service territory. Local exchange telecommunications service may be terminated by a telecommunications service provider other than the telecommunications service provider on whose network the call originated. The local exchange service territory defined in the

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originating provider's tariff shall determine whether the call is local exchange service;

- 15. "Local exchange telecommunications service provider" means a company holding a certificate of convenience and necessity from the Commission to provide local exchange telecommunications service;
 - 16. "Not-for-profit hospital" means:

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- a. a hospital located in this state which has been licensed as a hospital at that location pursuant to Section 1-701 et seq. of Title 63 of the Oklahoma Statutes for the diagnosis, treatment, or care of patients in order to obtain medical care, surgical care or obstetrical care and which is established as exempt from taxation pursuant to the provisions of the Internal Revenue Code, 26 U.S.C., Section 501(c)(3), or
- b. a hospital located in this state which is licensed as a hospital at that location pursuant to Section 1-701 et seq. of Title 63 of the Oklahoma Statutes and is owned by a municipality, county, the state or a public trust for the diagnosis, treatment, or care of patients in order to obtain medical care, surgical care, or obstetrical care;
- 17. "Not-for-profit mental health and substance abuse facility" means a facility operated by the Department of Mental Health and

Substance Abuse Services or a facility certified by the Department of Mental Health and Substance Abuse Services as a Community Mental Health Care Center, a Community-Based Structured Crisis Center or a Community Comprehensive Addiction Recovery Center;

- 18. "Oklahoma High Cost Fund" means the fund established by the Commission in Cause Nos. PUD 950000117 and 950000119;
- 19. "Oklahoma Lifeline Fund" means the fund established and required to be implemented by the Commission pursuant to Section 139.105 of this title;
- 20. "Oklahoma Universal Service Fund" means the fund established and required to be implemented by the Commission pursuant to Section 139.106 of this title;

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- 21. "Person" means any individual, partnership, association, corporation, governmental entity, public or private organization of any character, or any other entity;
- 22. "Prepaid wireless telecommunications service" means prepaid wireless telecommunications service as that term is defined in paragraph 12 of subsection A of Section 1354.30 of Title 68 of the Oklahoma Statutes;
- 23. "Primary universal service" means an access line and dial tone provided to the premises of residential or business customers which provides access to other lines for the transmission of two-way switched or dedicated communication in the local calling area without additional, usage-sensitive charges, including:

a. a primary directory listing,

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- b. dual-tone multifrequency signaling,
- c. access to operator services,
- d. access to directory assistance services,
- e. access to telecommunications relay services for the deaf or hard-of-hearing,
- f. access to $\frac{9-1-1}{2}$ service where provided by a local governmental authority or multijurisdictional authority, and
- g. access to interexchange long distance services;
- 23. 24. "Public library" means a library or library system that is freely open to all persons under identical conditions and which is supported in whole or in part by public funds. Public library shall not include libraries operated as part of any university, college, school museum, the Oklahoma Historical Society or county law libraries;
- 24. 25. "Public school" means all free schools supported by public taxation, and shall include grades prekindergarten through twelve:
- 25. 26. "Regulated telecommunications service" means the offering of telecommunications for a fee directly to the public where the rates for such service are regulated by the Commission. Regulated telecommunications service does not include the provision of nontelecommunications services, including, but not limited to,

the printing, distribution, or sale of advertising in telephone directories, maintenance of inside wire, customer premises equipment, and billing and collection service, nor does it include the provision of wireless telephone service, enhanced service, and other unregulated services, including services not under the jurisdiction of the Commission, and services determined by the Commission to be competitive;

26. 27. "Special Universal Services" means the telecommunications services supported by the OUSF which are furnished to public schools, public libraries, not-for-profit hospitals and county seats as provided for in Section 139.109 of this title;

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27. 28. "Tariff" means all or any part of the body of rates, tolls, charges, classifications, and terms and conditions of service relating to regulated services offered, the conditions under which offered, and the charges therefor, which have been filed with the Commission and have become effective;

28. 29. "Telecommunications" means the transmission, between or among points specified by the user, of voice or data information of the user's choosing, without change in the form or content of the information as sent and received;

29. 30. "Telecommunications carrier" means a person that provides telecommunications service in this state;

30. 31. "Telecommunications service" means the offering of telecommunications for a fee;

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31. 32. "Universal service area" has the same meaning as the term "service area" as defined in 47 U.S.C., Section 214(e)(5); and 32. 33. "Wire center" means a geographic area normally served by a central office.

SECTION 2. AMENDATORY 17 O.S. 2011, Section 139.107, is amended to read as follows:

Section 139.107. A. The Oklahoma Lifeline Fund and the Oklahoma Universal Service Fund shall be funded in a competitively neutral manner by all telecommunications carriers. The funding from each carrier shall be based on the total retail-billed Oklahoma intrastate telecommunications revenues, from both regulated and unregulated services, of the telecommunications carrier as a percentage of all telecommunications carriers' total retail-billed intrastate telecommunications revenues, from both regulated and unregulated services.

1. Notwithstanding subsection A of this section, the OUSF charge applicable to prepaid wireless telecommunications service shall be collected by the seller from the consumer on each retail transaction in accordance with the procedures established under Section 2843.2 of Title 63 of the Oklahoma Statutes. The OUSF charge shall be remitted by the seller to the Tax Commission using

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procedures established by Section 2843.2 of Title 63 of the Oklahoma Statutes.

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- 2. The rate of the OUSF charge applicable to prepaid wireless telecommunications service shall be converted from a percentage to a flat transaction amount by multiplying the percentage rate established by the Commission by the inverse of the Federal Communications Commission "safe harbor" percentage for determining the interstate portion of a fixed monthly wireless change, and then multiplying the result times Twenty-five Dollars (\$25.00). Such amount shall be rounded to the nearest whole cent.
- 3. Any rate charge approved by the Commission shall be applied on July 1st of any calendar year. The Commission shall notify the Tax Commission within fifteen (15) days of final approval of any change in the OUSF rate applicable to prepaid wireless telecommunications service. No more than one rate change shall be permitted in a calendar year.
- B. The Corporation Commission shall establish the Oklahoma
 Lifeline Fund charges and the Oklahoma Universal Service Fund
 charges at a level sufficient to recover costs of administration.
 The Commission shall provide for administration of the two funds by
 Commission employees or by contracting for such services with a
 party having no conflicting interest in the provision of
 telecommunications services. The administrative function shall be
 headed by an Administrator.

C. If the Commission determines after notice and hearing that a telecommunications carrier has acted in violation of this section, in addition to the other enforcement powers of the Commission, including its contempt powers and authority to revoke a provider's certificate of convenience and necessity, the Commission may bring an action on behalf of the Oklahoma Lifeline Fund or the Oklahoma Universal Service Fund, in the district court that the Commission deems appropriate, to recover any unpaid fees and charges the Commission has determined are due and payable, including interest, administrative and adjudicative costs, and attorney fees. Upon collection of the charges and costs, the Administrator shall pay the costs of the actions and deposit the remaining funds in the Oklahoma Lifeline Fund or the Oklahoma Universal Service Fund as appropriate.

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D. The monies deposited in the Oklahoma Lifeline Fund, the Oklahoma Universal Service Fund and the Oklahoma High Cost Fund shall at no time become monies of the state and shall not become part of the general budget of the Corporation Commission or any other state agency. Except as otherwise authorized by this act, no monies from the Oklahoma Lifeline Fund, the Oklahoma Universal Service Fund, or the Oklahoma High Cost Fund shall be transferred for any purpose to any other state agency or any account of the Corporation Commission or be used for the purpose of contracting with any other state agency or reimbursing any other state agency for any expense. Payments from the Oklahoma Lifeline Fund, the

- Oklahoma Universal Service Fund, and the Oklahoma High Cost Fund shall not become or be construed to be an obligation of this state.

 No claims for reimbursement from the Oklahoma Lifeline Fund, the Oklahoma Universal Service Fund or the Oklahoma High Cost Fund shall
- SECTION 3. AMENDATORY 63 O.S. 2011, Section 2843.2, is amended to read as follows:

be paid with state monies.

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- Section 2843.2. A. As used in this section, unless the context otherwise requires:
- 1. "Combined fee" means the sum of the prepaid wireless 9-1-1 fee and the Oklahoma Universal Service Fund charge;
- 2. "Consumer" means a person who purchases prepaid wireless telecommunications service in a retail transaction;
- 2. 3. "Oklahoma Universal Service Fund charge" means the charge imposed under paragraph 2 of subsection A of Section 139.107 of Title 17 of the Oklahoma Statutes;
- $\underline{4.}$ "Prepaid wireless nine-one-one $\underline{9-1-1}$ fee" means the fee that is required to be collected by a seller from a consumer in the amount established in this section;
- 3. 5. "Provider" means a person who provides prepaid wireless telecommunications service pursuant to a license issued by the Federal Communications Commission;

- 4. 6. "Retail transaction" means the purchase of prepaid wireless telecommunications service from a seller for any purpose other than for resale; and
- $\frac{5}{2}$. "Seller" means a person who sells prepaid wireless telecommunications service to another person.

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- B. There is hereby imposed a prepaid wireless nine-one-one combined fee which includes the following:
- 1. A prepaid wireless 9-1-1 fee of fifty cents (\$0.50) per retail transaction or, on and after the effective date of an adjusted amount per retail transaction that is established under subsection G of this section, the adjusted amount; and
 - 2. An Oklahoma Universal Service Fund charge.

The amount of the fee shall be determined as provided under paragraph 2 of subsection A of Section 139.107 of Title 17 of the Oklahoma Statutes.

- C. The prepaid wireless nine-one-one combined fee shall be collected as a single amount by the seller from the consumer with respect to each retail transaction occurring in this state. The amount of the prepaid wireless nine-one-one combined fee shall either be separately stated on an invoice, receipt or similar document that is provided to the consumer by the seller, or otherwise disclosed to the consumer.
- D. For purposes of subsection C of this section, a retail transaction that is effected in person by a consumer at a business

location of the seller shall be treated as occurring in this state if that business location is in this state. Any other retail transaction shall be sourced as follows:

- 1. When the retail transaction does not occur at a business location of the seller, the retail transaction is sourced to the location where receipt by the consumer, or the consumer's donee, designated as such by the consumer, occurs, including the location indicated by instructions for delivery to the consumer or donee, known to the seller;
- 2. When the provisions of paragraph 1 of this subsection do not apply, the sale is sourced to the location indicated by an address for the consumer that is available from the business records of the seller that are maintained in the ordinary course of the seller's business when use of this address does not constitute bad faith;

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- 3. When the provisions of paragraphs 1 and 2 of this subsection do not apply, the sale is sourced to the location indicated by an address for the consumer obtained during the consummation of the sale, including the address of a consumer's payment instrument, if no other address is available, when use of this address does not constitute bad faith; and
- 4. When none of the previous rules of paragraphs 1, 2, and 3 of this subsection apply, including the circumstance in which the seller is without sufficient information to apply the previous rules, then the location will be determined by the address from

which the service was provided, disregarding for these purposes any location that merely provided the digital transfer of the product sold. If the seller knows the mobile telephone number, the location will be that which is associated with the mobile telephone number.

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- E. The prepaid wireless nine-one-one combined fee is the liability of the consumer and not of the seller or of any provider, except that the seller shall be liable to remit all prepaid wireless nine-one-one combined fees that the seller collects from the consumer as provided for in this section, including all charges combined fees that the seller is deemed to collect where the amount of the combined fee has not been separately stated on an invoice, receipt, or other similar document provided by the consumer to the seller.
- F. If the amount of the prepaid wireless nine-one-one combined fee is separately stated on the invoice, the prepaid wireless nine-one-one combined fee shall not be included in the base for measuring any tax, fee, surcharge, or other charge that is imposed by the state, any political subdivision of this state, or any intergovernmental agency.
- G. The prepaid wireless nine-one-one combined fee shall be proportionately increased or reduced, as applicable, upon any change to the amount of the nine-one-one 9-1-1 emergency wireless telephone fee as provided in subsection A of Section 2843.1 of this title or the Oklahoma Universal Service Fund charge as provided in paragraph

2 of subsection A of Section 139.107 of Title 17 of the Oklahoma

Statutes. The Any increase or reduction in the combined fee shall

be effective only on the effective date of the change to the nineone-one emergency wireless telephone fee as provided in subsection A

of Section 2843.1 of this title or, if later, the first day of the
first calendar month to occur at least July 1 of any calendar year,
provided that not less than sixty (60) days after the enactment of
have elapsed since the enactment or final approval of the change.

The Oklahoma Tax Commission shall provide not less than thirty (30)
days' advance notice of an increase or reduction on its public
website.

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- H. Prepaid wireless nine-one-one Combined fees collected by sellers shall be remitted to the Oklahoma Tax Commission at the times and in a manner provided for under the Oklahoma Sales Tax Code with respect to the sales tax imposed on prepaid wireless telecommunications services. The Oklahoma Tax Commission shall establish registration and payment procedures that substantially coincide with the registration and payment procedures that apply under the Oklahoma Sales Tax Code.
- I. A seller shall be permitted to deduct and retain three percent (3%) of the prepaid wireless nine-one-one combined fees collected from consumers.

J. The audit and appeal procedures, including limitations period, applicable to the Oklahoma Sales Tax Code shall apply to prepaid wireless nine-one-one combined fees.

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- K. The Oklahoma Tax Commission shall establish procedures by which a seller may document that a sale is not a retail transaction. The procedures shall be in substantial conformity with the procedures for document sale for resale transactions under the Oklahoma Sales Tax Code.
- L. Within thirty (30) days of receipt, the Oklahoma Tax Commission shall pay all remitted the proportion of the combined fee representing prepaid wireless nine-one-one 9-1-1 fees to the governing bodies that the Statewide Nine-One-One 9-1-1 Advisory Board has certified as eligible to receive funds. The certification shall be provided to the Oklahoma Tax Commission annually before July 1. Eligible governing bodies shall be those governing bodies that have imposed, and are collecting, the nine-one-one 9-1-1 emergency wireless telephone fee as authorized in subsection A of Section 2843.1 of this title or, for those counties that have not assessed a nine-one-one 9-1-1 emergency wireless telephone fee, the substate planning district designated by that county. It shall be the duty and obligation of the substate planning district to hold in a separate escrow account all fees paid on behalf of counties in its region that have not assessed a nine-one-one 9-1-1 emergency wireless telephone fee pursuant to Section 2843.1 of this title,

until such time as the county votes to assess the fee or develops wireless $\frac{1}{2}$ mine-one-one $\frac{1}{2}$ service pursuant to Section 2849 of this title. Distribution shall be as follows:

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- 1. Ninety-eight percent (98%) of the revenue from the fee is hereby allocated to the governing bodies as defined in Section 2843 of this title and shall be paid to the governing bodies. The share for each governing body shall be determined by dividing the population of the governing body by the total population of the state. The Oklahoma Tax Commission shall develop the formula on the basis of population residing within the governing body, as shown by the latest available Federal Census estimates as of July 1, or from the best information then available to the Commission when the information is not available from the latest available Federal Census; and
- 2. The remaining two percent (2%) of the revenue from the fee shall be retained by the Oklahoma Tax Commission to reimburse its direct cost of administering the collection and remittance of prepaid wireless nine-one-one 9-1-1 fees.

Notwithstanding paragraphs 1 and 2 of this subsection, in the fiscal year in which this act takes effect, prior to making the distributions provided in paragraphs 1 and 2 of this subsection, the Oklahoma Tax Commission shall retain an amount not to exceed Three Hundred Thousand Dollars (\$300,000.00) to cover programming and other one-time costs to implement a system to collect the prepaid

wireless nine-one 9-1-1 fees. Distributions to governing bodies that enact the wireless nine-one-one 9-1-1 fee authorized under Section 2843.1 of this title after the effective date of this act shall commence in the calendar quarter after which the Oklahoma Tax Commission has received at least one hundred twenty (120) days' written notice from the governing body of the imposition of the fee.

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- M. Within thirty (30) days of receipt, the Tax Commission shall pay the proportion of the combined fee representing the OUSF charge to the Corporation Commission.
- N. Money distributed by the Oklahoma Tax Commission to a governing body pursuant to paragraph 1 of subsection L of this section shall be used only for services related to nine-one-one 9-1
 1 emergency wireless telephone services, including automatic number identification and automatic location information services.
- N. O. The provisions of subsection C of Section 2817 of this title shall apply to providers and sellers of prepaid wireless telecommunications service.
- O. P. The prepaid wireless nine-one-one 9-1-1 fee imposed by this section shall be the only nine-one-one 9-1-1 funding obligation imposed with respect to prepaid wireless telecommunications services in this state, and no tax, fee, surcharge, or other charge shall be imposed by this state, any political subdivision of this state, or any intergovernmental agency, for nine-one-one 9-1-1 funding purposes, upon any provider, seller, or consumer with respect to the

sale, purchase, use, or provision of prepaid wireless telecommunications service.

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<u>Wireless 9-1-1 fee</u> shall be used only for services related to nineone-one <u>9-1-1</u> emergency wireless telephone services, including
automatic number identification and automatic location information
services. The money remitted to the governing body and any other
money collected to fund the emergency wireless telephone system
shall be deposited in a special wireless nine-one-one <u>9-1-1</u> account
established by the governing body to which the Oklahoma Tax

Commission has remitted the prepaid wireless nine-one-one <u>9-1-1</u> fees
and that has established emergency wireless telephone service. The
special wireless nine-one-one <u>9-1-1</u> account may be the same account
that is or was established by the governing body under subsection C
of Section 2843.1 of this title. Amounts not used within a given
year shall be carried forward.

Q. R. All wireless user information provided by a wireless service provider shall be deemed proprietary and is not subject to disclosure to the public or any other party.

SECTION 4. This act shall become effective November 1, 2015.

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