



**Testimony of
JAKE LESTOCK
CTIA**

North Dakota Senate Bill 2149

**Before the
North Dakota House Finance Committee**

March 13, 2023

Chairman Headland, Vice Chairman Hagert, and members of the committee, on behalf of CTIA®, the trade association for the wireless communications industry, I submit this testimony to address concerns with North Dakota Senate Bill 2149. CTIA and its member companies support the designation of 988 as the three-digit dial for the National Suicide Prevention Lifeline. CTIA member companies have implemented network changes to ensure Americans can dial 988 when in crisis right now.

CTIA and its members also understand the importance of a workable state 988 funding framework. From the outset, it is important to note that most states implementing 988 are utilizing general fund appropriations and federal contributions for funding as opposed to enacting a new tax on their residents. Last year, over 25 states chose to either appropriate general fund revenue and utilize federal funds or study the issue further. California was the only state to impose a new tax of 8 cents along with state appropriations.

It is also important to note that in the December 2022 Executive Revenue



Forecast North Dakota recorded a budget surplus of over \$650 million.¹ A new tax on North Dakotans is puzzling considering this recent windfall of state funds. This is especially concerning in light of how comparatively high the state's wireless taxes currently stand. North Dakota has the 11th highest state and local tax and fee burden in the country.² Wireless consumers in your state already pay nearly 15.5 percent of their cell phone bills in state and local taxes and fees and nearly 28% in federal and state taxes, and these types of fees are highly regressive.

Additionally, any 988 tax should be kept as low as possible and justified by data showing exactly what the tax will fund. These types of taxes are highly regressive.

Wireless phones are the gateway to the internet for many North Dakotans, so overburdening these consumers with more taxes and fees may detrimentally affect their continued connectivity. Limiting the scope of the 988 tax and keeping it as low as possible will help the bottom line for so many consumers. Together with North Dakota's current wireless tax burden, the adoption of a new 988 tax could have a real impact on telecommunications consumers. For these reasons, we have included

¹ Joe Morrisette, Office of Management and Budget. "Status of the General Fund and Executive Revenue Forecast." Dec. 07, 2022. <https://www.omb.nd.gov/sites/www/files/documents/news/budget-section-presentation-12-7-2022.pdf>.

² Hoffer, Adam, and Scott Mackey. Tax Foundation, 2022, Excise Taxes and Fees on Wireless Services Increase Again in 2022, <https://taxfoundation.org/wireless-taxes-cell-phone-tax-rates-by-state-2022/>. Accessed 13 Jan. 2023.



suggested amendments that look to provide General Fund appropriations for this biennium in the amount estimated in the fiscal note for the 988 Fund – 4.258 million. It also directs the Department of Health and Human Services to report to the Legislature with further detailed information regarding the 988-hotline services, estimates justified by data on the funding needs and recommendations for further funding, including the establishment of a fee.

If instead you choose to enact a new tax, CTIA would propose amendments to ensure that any new tax on telecommunications consumers is limited. The scope of the 988 tax should be limited to funding equipment, communications services, and direct costs for crisis hotline center personnel for 988 call-taking and appropriate call routing. The 988 system often has been compared to 911 taxes that fund only government-operated Public Safety Answering Points for call taking and routing. The 911 tax does not fund police, fire, or EMS services and relies instead on the state's general fund revenues. CTIA would ask that 988 funding be approached in the same manner. Any 988 tax should fund only the crisis centers for call taking and routing. CTIA supports providing appropriate response to people experiencing a mental health crisis, but we do not believe the cost for those services should be borne solely by the state's telecommunications consumers.

Moreover, if a fee is contemplated, there should be a single statewide fee, and



local governments should be explicitly preempted in state law from imposing local 988 fees. This will ensure there is effective and statewide 988 coordination and prevent localities from shifting programs currently funded from general revenues to new fees on wireless consumers. A single statewide fee will also help ensure that North Dakota wireless consumer taxes and fees are kept within reason.

In closing, the wireless industry looks forward to continuing to work with federal and state entities to ensure successful implementation of 988 to help our fellow Americans experiencing a mental health crisis. We would encourage North Dakota to choose general and federal funding to support 988 and provide detailed estimates on 988 crisis hotline funding needs, before turning to telecommunications consumers to bear that cost. We welcome the opportunity to work with the sponsor on this issue. Thank you for your consideration.