

**2025 HOUSE FINANCE AND TAXATION**

**HB 1096**

# 2025 HOUSE STANDING COMMITTEE MINUTES

## Finance and Taxation Committee Room JW327E, State Capitol

HB 1096  
1/8/2025

Assessed communication service fees
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11:15 am Chairman Headland opened the hearing.

Members Present: Chairman Headland, Vice Chair Hagert, Representatives Anderson, Dockter, Dressler, Foss, Grueneich, Ista, Motschenbacher, Nehring, Olson, Porter, Steiner, Toman

### **Discussion Topics:**

- Emergency Services Fees
- Communications Fees
- Emergency Services Quality

11:16 a.m. Representative Todd Porter, District 34, introduced HB 1096.

11:23 a.m. Donnell Preskey, Bismarck School Board, testified in favor.

11:23 a.m. Jason Horning, 911 Program Manager, Association of Counties, testified in favor.

11:28 a.m. Jake Lestock, CTIA, testified against and submitted testimony # 28176.

11:40 a.m. Chairman Headland adjourned the meeting.

*Joseph Reed, Committee Clerk*



**Testimony of  
JAKE LESTOCK  
CTIA**

**In Opposition to North Dakota HB 1096**

**Before the House Finance and Taxation Committee**

**January 8, 2025**

Chairman Headland, Vice Chair Hagert, and members of the House Finance and Taxation Committee, on behalf of CTIA®, the trade association for the wireless communications industry, I submit this testimony in opposition to House Bill 1096, which would reduce the amount communications service providers may retain for costs of collection of the 911 fee and any telephone exchange access service provider charges for 911 database management.

The wireless industry fully supports and partners with North Dakota public safety providers, including providing interoperable services in furtherance of public safety efforts. As technologies and tax systems continue to evolve, communications taxes involve intricate calculations across federal, state, and local jurisdictions, requiring significant administrative efforts to ensure compliance and accuracy. Allowing accessed communication service providers to retain actual costs for administration and 911 database management is essential for efficient and accurate tax administration.



Administering 911 fees and managing databases involves significant operational expenses, such as software maintenance and staff support. Typical accounting sales and use tax engines are not built to handle the complex tax and fee needs of telecommunications providers. Most billing systems and sales tax engines cannot handle the compliance needs of telecommunications businesses. This results in our members requiring specialized software to automate calculations, streamline billing, and generate accurate returns, based specifically on how communications are taxed. Retaining costs ensures our members can cover these added costs without unfair financial strain. Furthermore, telecom providers face a competitive disadvantage compared to typical retailers due to the numerous industry-specific fees and surcharges that inflate our prices and require significant administrative efforts to manage accurately. Given these unique burdens, it is reasonable for telecom providers to recoup a larger portion of administrative costs.

North Dakota does not apply the 911 fee at the state level on postpaid plans. Instead, wireless providers are required to track the passage of county ordinances, collect and remit fees, and file returns for the state's 53 counties. This adds significant administrative expense as compared to most states that impose wireless 911 fees at the state level, which North Dakota requires for remittance of its state-level prepaid wireless emergency 911 fee. Wireless providers collect and remit most of the \$19 million in annual 911 fees collected in North Dakota. These fees are collected and remitted at the expense of telecommunications providers without requiring the Counties to incur any costs.



Most states include vendor compensation provisions that are above the proposed one percent rate – including North Dakota in respect to its prepaid wireless emergency 911 fee where the vendor compensation is three percent. The prepaid wireless emergency 911 fee is a uniform statewide rate and is centrally remitted to the Office of the State Tax Commissioner. This tax regime is easier for sellers to administer and comply with, yet sellers are still allowed to retain three percent of the fees collected to offset the costs of administration. Allowing wireless providers to retain five percent as vendor compensation motivates wireless providers to maintain accurate databases and efficiently collect fees, which are critical for reliable emergency services and to ensure each county gets their respective share of 911 fees attributable to wireless customers in the county.

The wireless industry remains committed to working with public safety officials to help ensure that 911 service is a coordinated and collaborative operation between the private and public sectors to provide quality 911 service. With the growing complexities of federal, state, and local telecommunications taxes, allowing for assessed communications service providers to retain the actual costs of administration in the collection of the 911 fee and 911 database management is critical to ensure efficient tax collection that doesn't unfairly place the burden on our members. For these reasons, CTIA respectfully opposes HB 1096. Thank you for the opportunity to share our concerns and for your consideration.

# 2025 HOUSE STANDING COMMITTEE MINUTES

## Finance and Taxation Committee Room JW327E, State Capitol

HB 1096  
1/14/2025

Relating to assessed communication service fees.
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11:35 a.m. Chairman Headland opened the hearing.

Members Present: Chairman Headland, Vice Chair Hagert, Representatives Anderson, Dockter, Dressler, Foss, Ista, Motschenbacher, Nehring, Porter, Steiner, Toman, Grueneich, Olson

### Discussion Topics:

- Amended from 1 to 2.5% fee

11:35 a.m. Committee work on HB 1096

11:36 a.m. Representative Porter moved to adopt the amendment LC#25.0428.01001.

11:36 a.m. Representative Olson seconded the motion.

11:38 a.m. Voice vote - motion passed.

11:38 a.m. Representative Porter moved a Do Pass as Amended.

11:38 a.m. Representative Olson seconded the motion.

Representatives	Vote
Representative Craig Headland	Y
Representative Jared C. Hagert	Y
Representative Dick Anderson	Y
Representative Jason Dockter	Y
Representative Ty Dressler	Y
Representative Austin Foss	Y
Representative Jim Grueneich	Y
Representative Zachary Ista	Y
Representative Mike Motschenbacher	Y
Representative Dennis Nehring	Y
Representative Jeremy L. Olson	Y
Representative Todd Porter	Y
Representative Vicky Steiner	Y
Representative Nathan Toman	Y

11:39 a.m. Motioned passed, 14-0-0.

11:39 a.m. Representative Dockter motioned to send to consent calendar.

11:39 a.m. Representative D. Anderson seconded the motion.

11:39 a.m. Voice vote - passed unanimously.

11:40 a.m. Representative Olson will carry the bill.

11:41 a.m. Chairman Headland adjourned the meeting.

*Janae Pinks, Committee Clerk*

January 14, 2025

Ans 1/14/25  
1 of 1

Sixty-ninth  
Legislative Assembly  
of North Dakota

## PROPOSED AMENDMENTS TO

### HOUSE BILL NO. 1096

Introduced by

Representatives Porter, Bosch, Heinert, Schreiber-Beck

Senators Davison, Patten, Weber

- 1 A BILL for an Act to amend and reenact section 57-40.6-04 of the North Dakota Century Code,  
2 relating to assessed communication service fees.

3 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

- 4 **SECTION 1. AMENDMENT.** Section 57-40.6-04 of the North Dakota Century Code is  
5 amended and reenacted as follows:

6 **57-40.6-04. Fee collection procedure.**

- 7 An assessed communications service provider may retain the actual costs of administration  
8 in collection of the fee and any telephone exchange access service provider charges for 911  
9 database management, not to exceed ~~five~~one two and one-half percent of the fee collected. The  
10 fee proceeds must be paid by the assessed communications service provider within thirty days  
11 after it is collected from the subscriber or customer unless the provider has fewer than ten  
12 subscribers or customers in a jurisdiction, in which case the provider may pay the proceeds  
13 quarterly.



**REPORT OF STANDING COMMITTEE  
HB 1096**

**Finance and Taxation Committee (Rep. Headland, Chairman)** recommends **AMENDMENTS** ([25.0428.01001](#)) and when so amended, recommends **DO PASS** (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1096 was placed on the Sixth order on the calendar.

**2025 SENATE FINANCE AND TAXATION**

**HB 1096**

# 2025 SENATE STANDING COMMITTEE MINUTES

## Finance and Taxation Committee Fort Totten Room, State Capitol

HB 1096  
2/18/2025

Relating to assessed communication service fees.
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9:01 a.m. Chairman Weber called the meeting to order.

Members present: Chairman Weber, Vice Chairman Rummel, Senator Marcellais, Senator Patten, Senator Powers, Senator Walen

### **Discussion Topics:**

- Annual communication service fee collection amount
- Disbursement process of fees
- Determination of payouts to counties

9:01 a.m. Representative Porter, District 34, introduced HB 1096 and testified in favor.

9:13 a.m. Donnell Preskey, Government and Public Relations Specialist, NDACo, testified in favor.

9:16 a.m. Jason Horning, 911 Program Manager, NDACo, testified in favor and submitted testimony #37958.

9:38 a.m. Carissa Swenson, Executive Director, Broadband Association of North Dakota, testified in favor.

9:40 a.m. Kayla Pulvermacher, Government Relations Manager, Midco, testified in favor.

9:42 a.m. Chairman Weber closed the hearing.

*Chance Anderson, Committee Clerk*

**Amendment Proposal for : ENGROSSED HOUSE BILL NO. 1096 (FIRST ENGROSSMENT)****57-40.6-04. Fee collection procedure.**

An assessed communications service provider may retain the actual costs of administration in collection of the fee and any telephone exchange access service provider charges for 911 database management, not to exceed ~~five two and one-half~~ one percent of the fee collected. The fee proceeds must be paid by the assessed communications service provider within thirty days after it is collected from the subscriber or customer unless the provider has fewer than ten subscribers or customers in a jurisdiction, in which case the provider may pay the proceeds quarterly

**57-40.6-14. Prepaid wireless emergency 911 fee.**

1. There is imposed a prepaid wireless emergency 911 fee of two and one-half percent on the gross receipts of sellers from all sales at retail of prepaid wireless services in this state.
  - a. A retail transaction that is made, 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 treated as occurring in this state if the retail transaction is treated as occurring in this state under the provisions of chapter 57-39.4 as those provisions apply to a prepaid wireless calling service.
  - b. Prepaid wireless emergency 911 fees collected by sellers shall be remitted to the commissioner.
  - c. An entity required to collect and remit the prepaid wireless emergency 911 fee shall register with the commissioner. The registration shall be made in the form prescribed by the commissioner, in which the registrant shall identify the name under which the registrant transacts or intends to transact business, the location of the business, the federal identification number, and other information as the commissioner may require.
  - d. Gross receipts from sales at retail of prepaid wireless services are exempt from the prepaid wireless emergency 911 fee imposed by this section when the sale is made to a person entitled to a sales and use tax exemption under subsection 6 or 12 of section 57-39.2-04.
2. The prepaid wireless emergency 911 fee shall be collected by the seller from the consumer. The amount of the prepaid wireless emergency 911 fee shall be either

separately stated on an invoice, receipt, or other similar document that is provided to the consumer by the seller, or otherwise disclosed to the consumer.

3. The prepaid wireless emergency 911 fee is the liability of the consumer and not of the seller or any provider, except that the seller shall be liable to remit all prepaid wireless emergency 911 fees the seller collects from the consumer, including all fees the seller is deemed to collect when the amount of the fee has not been separately stated on an invoice, receipt, or other similar document provided to the consumer by the seller.
4. If the amount of the prepaid wireless emergency 911 fee imposed by this section is separately stated on an invoice, receipt, or other similar document provided to the consumer, the prepaid wireless emergency 911 fee may not be included in the base for measuring any other tax, fee, surcharge, or other charge that is imposed by this state, any political subdivision of this state, or any intergovernmental agency.
5. When prepaid wireless service is sold with one or more other products or services for a single, nonitemized price, then the percentage specified in subsection 1 shall apply to the entire nonitemized price unless the seller elects to apply the percentage to:
  - a. The amount of the prepaid wireless service that is disclosed to the consumer as a dollar amount, including the fee imposed by this section; or
  - b. The seller identifies the portion of the price that is attributable to the prepaid wireless service by reasonable and verifiable standards from its books and records that are kept in the regular course of business.
6. If a minimal amount of prepaid wireless service is sold with a prepaid wireless device for a single, nonitemized price, then the seller may elect not to apply the percentage specified in subsection 1. For purposes of this subsection, an amount of service denominated as ten minutes or less, or five dollars or less, is minimal. Page No. 9
7. The provisions of chapter 57-39.2, pertaining to the administration of the retail sales tax, including provisions for audit, refunds, credits, or rules, not inconsistent with the provisions of this chapter, govern the administration of the prepaid wireless emergency 911 fee imposed in this chapter.
8. a. A seller must complete a prepaid emergency 911 fee return reporting the gross receipts of the seller for prepaid wireless services sold, the amount of the prepaid wireless emergency 911 fee for the period covered by the return, and any other information the commissioner may require to enable the seller to correctly compute and collect the prepaid wireless emergency 911 fee.

- b. If the seller is a retailer under chapter 57-39.2, the seller may file the prepaid emergency 911 fee return and pay the fees due at the same time the sales and use tax is due under section 57-39.2-11 or 57-39.2-12.
- c. The seller required to collect, report, and remit the prepaid wireless emergency 911 fee imposed under this section may retain ~~three~~ one percent of the fee.

# 2025 SENATE STANDING COMMITTEE MINUTES

## Finance and Taxation Committee Fort Totten Room, State Capitol

HB 1096  
2/19/2025

Relating to assessed communication service fees.
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9:35 a.m. Chairman Weber opened the hearing.

Members present: Chairman Weber, Vice Chairman Rummel, Senator Marcellais, Senator Patten, Senator Powers, Senator Walen

### Discussion Topics:

- Current communication service fee percentages
- Proposed amendment to adjust service fees

9:39 a.m. Senator Walen moved a Do Pass.

9:39 a.m. Senator Powers seconded the motion.

Senators	Vote
Senator Mark F. Weber	Y
Senator Dean Rummel	Y
Senator Richard Marcellais	Y
Senator Dale Patten	Y
Senator Michelle Powers	Y
Senator Chuck Walen	Y

Motion passed 6-0-0.

Senator Powers will carry the bill.

9:40 a.m. Chairman Weber closed the hearing.

*Chance Anderson, Committee Clerk*

**REPORT OF STANDING COMMITTEE  
ENGROSSED HB 1096 ([25.0428.02000](#))**

**Finance and Taxation Committee (Sen. Weber, Chairman)** recommends **DO PASS** (6 YEAS, 0 NAYS, 0 ABSENT OR EXCUSED AND NOT VOTING). HB 1096 was placed on the Fourteenth order on the calendar. This bill does not affect workforce development.