



September 3, 2020

The Honorable Gavin Newsom
Governor of California
State Capitol, First Floor
Sacramento, CA 95814

RE: REQUEST FOR SIGNATURE - SB 1441 (McGuire) Local Pre-Paid Mobile Telephone Services Collection Act

Dear Governor Newsom:

On behalf of CTIA®, the trade association for the wireless communications industry, we respectfully request your signature on SB 1441. This bill would extend the point-of-sale collection mechanism for local 911 fees and utility user taxes (UUTs) imposed on prepaid wireless service, until January 1, 2026.

In 2014, with overwhelming bi-partisan support, the legislature passed AB 1717 (Perea) to create a statewide system for retail point-of-sale collection of state and local taxes and fees imposed on prepaid wireless services. These provisions are set to expire on January 1, 2021 and local jurisdictions will lose their ability to collect this important revenue. SB 1441 ensures that the prepaid sector of the communications market will continue to equitably share in the responsibility of funding local 911 fees and providing critical revenue to cities and counties generated by local UUTs.

More than 40 states have enacted prepaid wireless point-of-sale collection statutes in recognition of their importance to funding state and local programs. Prepaid wireless services are offered on a "pay-as-you-go" basis with no required contracts, term or volume commitments, early termination penalties, overage charges, or credit checks. These important factors make prepaid services available to those consumers to whom the security and convenience of standard mobile telephone service might not be available. This business model offers reliable service and affordable pricing. However, the fact that the service is not billed to consumers on a monthly basis, creates challenges for some sellers regarding the collection of end user fees to fund programs such as local 911 and local UUT's.

SB 1441 would ensure continued collection of local 911 fees and UUTs without interruption by extending the sunset for five years on the point-of-sale collection mechanism.

We respectfully urge you to sign SB 1441. Thank you for your consideration.

Sincerely,

Lisa Volpe McCabe
Director, State Legislative Affairs
CTIA

Cc: The Honorable Mike McGuire
Melissa Immel, Deputy Legislative Secretary & Chief of Legislative Operations to the Governor
Danielle Bradley, Legislative Aide to Senator McGuire