



**Testimony of Andrew Salkin  
Deputy Commissioner for Operations  
New York City Department of Finance  
Before the New York City Council  
Committee on Technology  
On  
Intro 214**

**Regarding Funding for Enhanced 911 Services by  
Voiceover Internet Protocol Providers  
June 11, 2010**

Good morning, Chairman Garodnick and members of the City Council Committee on Technology. My name is Andrew Salkin, and I am Deputy Commissioner for Operations at the New York City Department of Finance. Thank you for inviting me to speak today in support of Intro 214, sponsored by Chairman Garodnick and Councilmember Vann at the request of the Mayor. This bill extends 911 surcharges on phone service to companies that provide telephone service by Voiceover Internet Protocol (or VoIP). The proposed \$1 monthly surcharge is consistent with what other phone companies already pay to support the City's Enhanced 911 emergency response system. I testify on behalf of Finance Commissioner David M. Frankel and am joined today by representatives of several sister agencies, whom I will identify in a few moments.

We urge the Committee's support and passage of this bill. Before I give you the reasons why, let me first give some background on 911 and the history of the surcharge that phone users – both cell and landline -- pay to support 911 services.

As you all know, 911 is among the most critical services we as a City government provide.

It is valuable but it is also very expensive. The annual cost to operate the 911 call centers now exceeds \$114 million. To offset the growing costs, the city began to collect the 911 surcharge in 1992 for landline phone service and in 2002 a surcharge was added to cell phone service. The surcharge for landlines is now \$1 per month and \$1.50 for cell phones, of which the City gets 30 cents. The phone companies collect directly from customers and

then remit monthly payments to the Department of Finance. In FY 2009, 121 companies remitted just under \$60 million in 911 surcharges to the City.

Commissioner Frankel's highest priority at the Department of Finance is to level the playing field by ensuring everyone is paying their fair share in supporting the critical work of government. All of the City's phone users should contribute to subsidize 911 services. However, over recent years the technology surrounding phone service has evolved and now not only includes landlines and cellular phones, but also internet phones that utilize Voice over Internet Protocol. Unlike mobile phones, where people added phone lines, VoIP phones are often replacing landlines and increasingly replacing cellular phones.

Currently a person using a VoIP line is able to access 911 during an emergency, but they do not pay a surcharge to support the 911 service. Despite this, both the NYPD and the City's Department of Information Technology and Telecommunications (or DoITT) have invested considerable resources to ensure that VoIP technology will interact with the 911 system with the same standards as land and cellular phones, including location identification capabilities necessary to deploy services in certain emergency situations.

Until recently, we could not ask VoIP companies to collect the 911 surcharge. In 2008, Congress passed a law allowing states to start treating VoIP companies more like phone companies. Last summer, Governor Paterson signed into state law a new provision that authorizes localities like New York City to begin collecting surcharges on VoIP services.

The bill before you today, Intro 214, does just that: it requires internet-phone companies to collect the \$1 surcharge for 911. This bill helps to level the playing field by ensuring all phone users contribute to 911 services. Upon enactment of the bill before you today, Finance will reach out to internet phone companies to inform them of the new law and how to comply with their surcharge collection responsibilities.

I would also like to discuss an amendment to the bill that attorneys at the Law Department feel is necessary. The current language of the bill requires any surplus in funds collected through this law be held in “reserve.” However, a reserve is not compliant with the City’s obligations under the State’s Financial Emergency Act. While it is unlikely that this program will result in excess funds, the bill should be amended to allow the City to handle surplus funds in conformance with applicable law. The Administration has provided an amended version of the bill to the Speaker’s Office.

While Finance is charged with successfully collecting the surcharge, other agencies are tasked with operating and running the complex E-911 system. I am joined today by Deputy Inspector Vincent Guerriera, the Commanding Officer of the NYPD’s Communications Section and Brent Schimke, DoITT’s 911 Program Manager.

Again, we would urge your support of this bill. Thank you for having us and we are happy to answer your questions.