

PLEASE NOTE:

August 25, 2009

These FAQs reflect some changes to earlier versions.

## PUBLIC SERVICE COMMISSION OF WISCONSIN

### FREQUENTLY ASKED QUESTIONS

#### Police and Fire Protection Fee Wis. Stat. s. 196.025(6)

This document addresses issues related to implementation of the Police and Fire Protection Fee mandated to be billed beginning September 1, 2009, per 2009 Wisconsin Act 28. See Wis. Stat. s. 196.025(6) for the full statutory provisions. Two key pieces of that new law state:

“... a communications provider **shall impose a monthly fee of \$0.75** on each communications service connection ...”

“A communications provider that offers a prepaid wireless communications plan, or a retailer that offers such a plan on behalf of a communications provider, **shall impose a fee equal to \$0.38 on each retail transaction** for such a plan ...”

QUESTION	RESPONSE
1 When does the Police and Fire Protection Fee go into effect?	September 1, 2009. Per Section 9441 of Act 28.
2 The implementation of the Police and Fire Protection Fee is September 1, 2009. Does the Public Service Commission (PSC) or the Department of Revenue (DOR) envision an extension of this deadline?	No. This effective date is set by statute.
3 What bill message language is appropriate for alerting customers of this Police and Fire Protection Fee?	<i>ONE VERSION (if the fee is placed as a line item): As passed by the state Legislature and recently signed into law as part of the state's 2009-2011 biennial budget (2009 Wisconsin Act 28), beginning on September 1, 2009, we will be required to collect a new monthly fee of \$0.75 per connection. This new fee will appear on your bill as a line-item for the "Police and Fire Protection Fee." The fee will be applied to all communications service connections with an assigned telephone number (i.e. landline, wireless, cable telephony etc.) including a communication service provided via a voice over Internet protocol connection (VoIP). A separate \$0.75 fee per month will be imposed as each of the first ten connections; the fee for connections over 10 will be \$0.075 per connection. The amounts collected from these fees will be remitted to the state and ultimately be distributed back to local units of government under the county and municipal aid program to support continued funding of police and fire protection services. This fee is mandated by law.</i>

4	Will the PSC or DOR promulgate rules?	Yes, rules are anticipated. The PSC is drafting rules in docket 1-AC-228.
5	Is 30-day advance notice of this Police and Fire Protection Fee required, per Wis. Admin. Code s. ATCP 123?	No. But the first bill containing the fee should include an explanation of the fee.
6	Is the Police and Fire Protection Fee applicable to both wireline and wireless services?	Yes. Act 28 (Wis. Stat. s. 196.025(6)) notes that a fee applies to “each telecommunications service connection with an assigned telephone number...”
7	What about Voice over Internet Protocol (VoIP)? Does the Police and Fire Protection Fee apply to those connections?	Yes. The fee applies to Voice over Internet Protocol (VoIP). Wis. Stat. s. 196.025(6)b) is specific that a fee applies to “each telecommunications service connection with an assigned telephone number, <u>including a communication service provided via a voice over Internet protocol connection.</u> ”
8	Does the Police and Fire Protection Fee apply to one-way paging providers or paging services?	No. The fee is applicable to voice communications. Thus, it is not applicable to paging providers or their customers.
9	Are tax-exempt accounts – i.e. state or local governments or non-profits – subject to the Police and Fire Protection Fee?	Generally, yes. Act 28 created no exceptions to the fee.  (Federal government accounts are not subject to such a state fee. Connections provided for official use by sovereign tribes are not subject to the fee.)
10	Are the following subject to the Police and Fire Protection Fee? Lifeline service? Discounted or free employee lines? 2 <sup>nd</sup> lines for voice carryover TTY users? Foreign exchange lines? Centrex lines?	Yes. The fee applies to active retail service.
11	Is the Police and Fire Protection Fee applied to “official company lines?”	No. The fee is applicable per statute to active <u>retail</u> service.
12	Does the Police and Fire Protection Fee apply to a customer that only has long distance services with the provider? Does the fee apply to WATS access lines?	No.
13	Is it appropriate that any late payment fee that a provider may have in effect may be applied to the Police and Fire Protection Fee if that fee is not paid by the due date?	Yes.

14	How does the Police and Fire Protection Fee apply to the resale of service?	The fee should be billed by the provider that bills the end user for service. That provider would remit the fees to the state. The fee would not be assessed to a reseller by an underlying provider.  A DOR Form, PFP-211, <i>Wisconsin Police and Fire Protection Fee Resale Certificate</i> , is currently being developed for use to certify resold connections.
15	How is the Police and Fire Protection Fee to be applied on accounts with more than 10 connections?	On the same customer account, lines 1 through 10 would be billed \$0.75 each. Lines 11 and on would be billed at \$0.075 each. (This is 1/10 <sup>th</sup> the \$0.75 charge.) For example: 10 lines = \$7.50 11 lines = \$7.50 + \$0.075 = \$7.58 12 lines = \$7.50 + \$0.150 = \$7.65 21 lines = \$7.50 + \$0.825 = \$8.33 30 lines = \$7.50 + \$1.500 = \$9.00
16	For purposes of assessing the Police and Fire Protection Fee, is there any aggregation of lines for customers who receive lines from more than one provider? (That is, for example, what does a customer pay if 6 lines are from AT&T, 5 lines are from Charter, and 7 wireless connections are from US Cellular?)	No, each carrier bills in accordance to its own records.  AT&T            6 @ \$0.75 Charter         5 @ \$0.75 US Cellular    7 @ \$0.75
17	What does the term "billed account" mean in the context of determining the number of connections for purposes of the volume discount for the Police and Fire Protection Fee? Is it the customer bill account with all associated 'bill-with' accounts or is it the customer account? For example, if a customer has 1 bill-to number with 25 'bill-with' accounts associated with the bill-to number, is the customer be subject to 26 \$0.75 fees or would the volume discount apply?	A bill-with situation is a billing convenience only. The number of lines in each individual account will be used to determine the over ten threshold. In this example, 26 connections at \$0.75 would be billed.
18	For the purpose of billing the Police and Fire Protection Fee, how should 'connections' be counted in the case of circuits and channels provided with services such as PBXs, DCS, ISDN-PRIs, T1s or DID?	A provider should count trunks similar to the process it applies for assessment of the countywide 911 charges assessed per Wis. Stat. s. 256.35(3).  The fee would not apply to DID numbers.
19.1	Is the Police and Fire Protection Fee subject to state or county sales tax?	No. A sales and use tax exemption is created for the sales price from the police and fire protection fee imposed under Wis. Stats s. 196.025(6). (2009 Act 28, created a Police and Fire Protection Fee Exemption in Wis. Stat. s. 77.54(55), effective July 1, 2009.)

19.2	Is the Police and Fire Protection Fee subject to the federal excise tax?	No.
20	Must the Police and Fire Protection Fee be listed separately on customers' bills?	No. The statute notes that the provider "may list the fee separately from other charges on a subscriber's bill."
21	If the Police and Fire Protection Fee is listed as a line item on customers' bills, how should it be referenced?	The statute says that if the fee is listed separately on the bill it shall be identified as "police and fire protection fee."  If a provider combines the fee with the 911 monthly fee applicable to county 911 services, the statute says it shall be identified as "charge for funding countywide 911 systems plus police and fire protection fee."
22	What if that many words/letters cannot be accommodated by a billing system?	A reasonable abbreviation may be necessary, but the bill must contain an explanation of what the fee is.
23	May service providers or retailers retain a portion of the Police and Fire Protection Fee to cover billing, collection and administrative costs?	No.
24	Is the Police and Fire Protection Fee part of 'deniable' services for disconnection purposes?	No.
25	How should a wireless provider determine if a wireless service offering would be subject to the Wisconsin Police and Fire Protection Fee?	Wireless providers may reasonably apply the Primary Place of Use (PPU) classification as defined by 4 U.S.C. 124(8).
26	How does the Police and Fire Protection Fee apply to a partial month of service?	A provider should assess the fee for any partial month's service in the same manner that it treats assessment of the countywide 911 charges assessed per Wis. Stat. s. 256.35(3). Providers that do not assess such 911 fees may assess a full \$0.75 fee if the provider's billing system does not permit the fee to be prorated.
27	If a billing system change is needed to bill for the Police and Fire Protection Fee and that change cannot be ready by September 1, 2009, what should be done?	The fee is effective September 1, 2009. A subsequent bill should back bill to September 1.
28	The Police and Fire Protection Fee is effective September 1, 2009. If the provider bills a customer on Sept. 10 <sup>th</sup> and receives payment from the customer on Sept. 15 <sup>th</sup> , when does the fee need to be remitted to the state?	Fees should be remitted to the state by the end of October in this example.
29	How and to whom are payments to be made?	This will be administered by the Department of Revenue in a manner similar to other processes for state tax collections and submissions. See the DOR website for more information at <a href="http://www.revenue.wi.gov/html/pfprofee.html">www.revenue.wi.gov/html/pfprofee.html</a>

30	How are uncollectable Police and Fire Protection Fees to be treated?	Entities should remit the fees on an as-billed basis (i.e., accrual basis). Later, if there is an uncollectible write-off for an account, the write-off the Police and Fire Protection Fee would be reported as a reduction in the fees payable for the month in which the amount is eligible to be deducted as a bad debt for federal income tax purposes.
31	The Police and Fire Protection Fee of \$0.38 for prepaid wireless services applies on each retail transaction for a prepaid wireless telecommunications plan. What is a "prepaid wireless telecommunications plan?"	"Prepaid wireless communications plan" means a plan for a wireless communications service that provides the right to utilize wireless voice service, is paid for prior to use and sold in predetermined dollar amounts whereby a number of units declines with use of a known amount.
32	What is a transaction?	<p>Prepaid wireless retail transaction" means a retail sale for a prepaid wireless telecommunications plan with no expectation that the prepaid wireless telecommunications plan will be further resold. A prepaid wireless retail transaction can be sold for a specified dollar amount, or for a specified period time, such as a finite number of minutes of use or a finite number of days of service.</p> <p>A prepaid wireless retail transaction includes the sale of additional wireless airtime, including an additional finite dollar amount of service, additional minutes of use or additional days of service, whether sold at a retail location, over the internet or by telephone call.</p> <p>For instance, these would be transactions:</p> <ul style="list-style-type: none"> <li>Sale of a prepaid wireless phone with airtime.</li> <li>Sale of additional wireless airtime (minutes, dollars, days), including by wireless service phone cards.</li> </ul> <p>Sales of accessories – batteries, ring tones, phone covers, etc. - are not transactions subject to the \$0.38 fee.</p>
33	Regarding prepaid wireless plans, who collects and remits the \$0.38?	<p><i>The entity that makes the sale to the user.</i></p> <p><i>Communications providers</i> are to collect the fee on the following:</p> <ul style="list-style-type: none"> <li>• The provider's sale of prepaid wireless telecommunications plans (e.g., selling a handset with usage that is set up for prepaid use).</li> <li>• The communications provider's sale of a prepaid set of minutes or a finite dollar amount or set period of days used for a prepaid wireless telecommunications plan.</li> </ul> <p><i>Retailers that offer prepaid wireless telecommunications plans on behalf of a communications provider</i> are to collect the fee on transactions that involve the sale of handsets or the sale of additional usage.</p>

34	If a customer made 5 purchases at one time – say 3 handsets with minutes that are set up with accounts and 2 prepaid phone cards for a plan, is the total fee amount charged at that time \$0.38 or is it 5 times \$0.38 = \$1.90?	The amount charged would be \$1.90 in this example. Each item purchased would be a transaction.
35	If customers want more information, where can they be referred?	Department of Revenue See the website at <a href="http://www.revenue.wi.gov/html/pfprofee.html">www.revenue.wi.gov/html/pfprofee.html</a> DOR e-mail: sales10@revenue.wi.gov DOR phone: (608) 266-2776  Public Service Commission See the website at <a href="http://psc.wi.gov/">http://psc.wi.gov/</a> PSC email: PoliceAndFireFee@psc.state.wi.us PSC phone: (608) 267-2893