



**NOTICE**  
**CITY OF CHICAGO 911 EMERGENCY TELEPHONE SYSTEM SURCHARGE**

We are writing to notify you of the Ruling issued by the City of Chicago Department of Revenue that increases the monthly 911 Emergency Telephone System surcharge that previously had been collected for POTS lines utilizing a PBX from \$2.50 to \$12.50 and for ISDN PRI from \$12.50 to \$287.50. We also are writing to request your support in our efforts to contest this Ruling and the detrimental and potentially prohibitive impact this very significant rate increase will have on businesses in Chicago, and potentially throughout the State.

Background

Illinois enacted the Emergency Telephone System Act (ETSA) in 1975 to help municipalities fund the operations of their Emergency 911 Systems. The ETSA allows municipalities to impose a monthly 911 surcharge on telephone subscribers and provides how that surcharge is to be applied. If municipalities impose the surcharge, telephone carriers are required to collect the surcharge and turn it over to the municipalities. Section 15.3 of the ETSA (enacted in 1987) limits the amount of the surcharge – which had been \$1.25 but was recently increased by 100 percent to \$2.50. Section 15.3 also states that there may be only one 911 surcharge per network connection, providing, however, that “where multiple voice grade channels are connected between the subscriber’s premises and a public switched network through a private branch exchange or Centrex type service , a municipality shall impose 5 such surcharges per network connection.”

Generally, businesses receive telephone service either through a single voice-grade Plain Old Telephone Service (POTS) line for which one surcharge is applied, or a high speed channelized service such as an ISDN PRI that utilizes a multiple, 23 voice-grade channel T-1 connection for which 5 surcharges are applied. Applying the maximum allowable \$2.50 surcharge imposed in Chicago, the 911 fee has been \$2.50 per POTS line and \$12.50 per PRI per month. We believe that this is how the surcharge has been collected by all carriers from their customers in Chicago, including CallOne.

The City of Chicago’s New Position

On July 21, 2008, the City of Chicago Department of Revenue published Emergency Telephone System Surcharge Ruling #2 regarding the “Application of surcharge to customers with multiple voice grade communications channels utilizing private branch exchange service (PBX).” The ruling imposes five surcharges per voice grade communication channel on a POTS line. The ruling also imposes five surcharges on each of the 23 voice grade channels on an ISDN PRI for a total of 115 surcharges. The result of the Ruling is to increase the 911 surcharge per POTS line utilizing a PBX from \$2.50 to \$12.50 per month and per ISDN PRI from \$12.50 to \$287.50 per month.

Section 8 of the Ruling provides that the ruling is a clarification of current law. Therefore, the Department is imposing its application of the surcharge not only going forward, but also possibly going back to the original effective date of Section 15.3 of the ETSA (although the a statute of limitations may limit collections to the last four to six years, depending on the circumstances).

The purpose of the surcharge is to fund the 911 emergency telephone system in Illinois. CallOne believes the surcharge as generally applied by carriers, paid by consumers and collected by the municipalities has continued to pay for the 911 system since its inception. The \$2.50 surcharge now collected in Chicago is already double what it was only a year ago. The City’s interpretation would increase the total surcharge for certain POTS lines by ten times and for T-1 lines by nearly fifty times.

Prospects for Changing the New Rule

CallOne believes that the Ruling is improper, and exceeds Chicago’s authority under the ETSA, but the issue has not yet been decided by the courts. In addition, some courts in Illinois have held that municipalities may not use funds collected from the surcharge to fund operations other than 911 centers. It is not clear that Chicago intends to use all of the additional surcharges it will collect for this purpose.

There is a bill pending in the Illinois Legislature (which was introduced before the Ruling) which may clarify the situation. House Bill 5117 introduced by Representatives Daniel Burke and Julie Hamos provides that there shall be one network connection for each T-1 facility, including ISDN-PRI. If it becomes law, this legislation may make it clearer that the City of Chicago has misinterpreted the ETSA.