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BILL NO.: Senate Bill 0974 – Behavioral Health Crisis
Response Services – 9-8-8 Trust Fund Fees

COMMITTEE: Budget and Taxation Committee

HEARING DATE: February 28, 2024

SPONSOR: Senator Guzzone

POSITION: Favorable with amendments

The Office of People’s Counsel (“OPC”) supports Senate Bill 974 with the addition of clarifying amendments to ensure that all participants in the federal Lifeline program—not only Lifeline subscribers who purchase prepaid cell phone service—are exempt from the bill’s proposed 9-8-8 fee.

The purpose of SB 974 is to provide a continuous, reliable source of funds for the 9-8-8 Trust Fund and the mental health services it supports. SB 974 will do this by adding a fee of \$0.25 per month to the bills of landline and cell phone telephone service subscribers in Maryland, as well as a one-time fee of \$0.25 to the purchase of prepaid cell phone service.

As introduced, the bill would exempt from the 9-8-8 service fee prepaid cell service customers who participate in the federal Lifeline program, which provides subsidized phone service to low-income households.¹ OPC—which represents the interests of landline service subscribers at the Public Service Commission, as well as the interests of all Lifeline subscribers to the extent that the Commission regulates the

¹ Customers are eligible for the Lifeline program if incomes are below 135 percent of the federal poverty level or if they demonstrate categorical eligibility by virtue of participation in one or more other federal programs, including the Supplemental Nutrition Assistance Program (SNAP), Medicaid, Supplemental Security Income (SSI), Federal Public Housing Assistance (FPHA), Veterans Pension or Survivors Pension, and certain Tribal programs.

Lifeline program²—understands that the sponsors of SB 974 intended to also exempt Lifeline participants who subscribe to landline or cell phone service, and that they will propose clarifying amendments to ensure the exemption of all Lifeline participants. With this change, OPC supports SB 974.

As a general rule, OPC disfavors the use of utility rates or charges to fund programs that could be funded more progressively by other measures, such as Maryland’s graduated State income tax. (Household utility rates are generally regressive because all customers pay the same rates and charges regardless of income, and as a result low-income households pay a greater share of their income towards utilities than higher-income households do). Nonetheless, OPC supports SB 974 because (1) the \$0.25 fee is modest, (2) Lifeline customers will be exempt from the fee, and (3) the fee will fund an important service that is available to all customers who pay the fee, as well as to Lifeline customers.

Recommendation: OPC requests a favorable Committee report on SB 974 with the recommended amendments.

² The Public Service Commission regulates landline telephone service in Maryland—also known as “plain old telephone service,” or POTS—but generally does not regulate wireless service. For both landline service and wireless service, however, the Commission determines what telecommunications carriers can qualify as eligible telecommunications carriers for purposes of providing services under the Lifeline program, and OPC represents the interests of both landline and wireless customers with respect to those Commission determinations.