



**Testimony of
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CTIA**

**In Opposition to
Rhode Island House Bill 8177**

**Before the
House Finance Committee**

May 14, 2026

Chair Abney, and members of the committee, on behalf of CTIA®, the trade association for the wireless communications industry, I submit this testimony to address opposition to HB 8177, which would impose a new \$0.50 per line per month tax on wireless and other telecommunications consumers to fund 988 services in Rhode Island. CTIA and its member companies support the designation of 988 as the three-digit dial for the National Suicide Prevention Lifeline, and our member companies have implemented network changes to ensure Americans can dial 988 when in crisis. However, we are concerned that a new tax is not necessary to support the 988 program. Therefore, we support the proposal in the Governor's budget to fund the 988 program from general fund revenues.

CTIA and its members recognize the need for a viable 988 funding structure. This framework should incorporate federal funds and state appropriations, as well as the option to implement 988 taxes to fund the direct costs of 988 call centers. From the outset, it is important to note that the overwhelming majority of states have not chosen

to enact a new 988 tax on their residents. In the past few years, over 30 states have proposed either appropriating general fund revenue and using federal funds or studying the issue further. Far fewer states – currently 11 – have chosen to fund these services through a new tax on telephone bills. Additionally, the recent Revenue Estimating Conference projected that state revenue would be \$155 million higher in the current 2025-26 budget year than in the previous budget forecast and \$79 million more in the upcoming budget year.¹ The more-positive than expected revenues are promising and now is not the time to introduce additional taxes or fees on consumers. A new tax on Rhode Islanders is especially concerning since it would be the highest 988 tax in the Northeast, and the second highest 988 tax in the country.

Wireless services are essential, serving as a critical connection point for work, school, and emergency response. However, the current Rhode Island tax structure already places a disproportionate burden on these necessary services. Rhode Islanders currently pay a \$0.50-per-line monthly 911 fee, a \$0.75-per-line monthly first responder tax, the 7% state sales tax, and the 5% gross receipts surcharge on their wireless bills. A family with 4 wireless phones paying \$100 per month for voice service currently pays over \$17 per month – over \$204 per year – in Rhode Island taxes and fees. This 17%

¹ Nesi, T. (2026) Ri tax revenue on track to top forecast by \$29 million | wpri.com, WPRI. Available at: <https://www.wpri.com/news/politics/ri-tax-revenue-on-track-to-top-forecast-by-29-million/> (Accessed: 12 May 2026).

effective tax rate is more than double the 7% sales tax that Rhode Islanders pay on standard taxable goods. This is in addition to the federal USF surcharge that can add another \$150 per year to wireless bills. The proposed new 988 tax would add another \$24 per year. While that may not sound like much in isolation, the cumulative impact of these wireless taxes hits vulnerable populations who are currently facing higher food, housing, and energy costs.

Furthermore, HB 8177 does not appear to be cost-based but rather an arbitrary number tied to the current 911 fee amount. 988 call centers have very different operational scopes and functions than 911 call centers and it is unlikely that they require the same resources. We respectfully recommend that before increasing Rhode Islander's phone taxes, a cost analysis be prepared that outlines the services that would be funded from the proposed tax, broken out by direct costs for 988 call center equipment and personnel and other wraparound services, so that the legislature can make a policy decision about which services should be funded by the tax and which services should be funded from broad-based revenue sources.

The 988 system often has been compared to 911 taxes that fund only government-operated Public Safety Answering Points for call taking and routing. The 911 tax does not fund police, fire, or EMS services and relies instead on a state's general fund revenues. We have generally supported 988 fees necessary to cover the capital

costs for setting up 988 call centers and staffing them. However, we do not believe that additional outreach, health care, and other wraparound services should be funded from taxes on wireless customer bills. CTIA supports providing appropriate responses to people experiencing a mental health crisis, but we do not believe that there is a nexus between wireless services and mental health that would justify funding those services by a tax on the state's telecommunications consumers.

In closing, the wireless industry looks forward to continuing to work with federal, state, and local governments to ensure the successful implementation of 988 to help individuals experiencing a mental health crisis. However, we are concerned about the high tax being proposed on our consumers, especially in light of existing taxes on wireless bills. Therefore, we respectfully request that the Committee not advance HB8177 and that the Committee not include any 988 tax in the House version of the FY2027 budget.