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BILL ANALYSIS



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Senate Bill 1172 (Substitute S-2 as reported)
Sponsor: Senator Cameron S. Brown
Committee: Technology and Energy

Date Completed: 5-9-06

RATIONALE

According to the Federal Communications Commission (FCC), dialing 9-1-1 is the most effective and familiar way the American public has to find help in an emergency. Typically, 9-1-1 calls are routed by local exchange carriers (LECs) to public safety answering points (PSAPs) staffed by attendants who direct the calls to police, fire, and health emergency response providers. In the basic form of 9-1-1, an attendant gathers information about the nature and location of the emergency by questioning the caller. Over the last two decades, according to the FCC, most 9-1-1 systems and PSAPs have been upgraded to provide "enhanced 9-1-1" service (E911) for landline (as opposed to wireless) calls. When a landline call is placed in a region with E911, the caller's telephone number and the location of the telephone are transmitted to the PSAP. Additionally, every Michigan county now is capable of processing wireless calls in compliance with an FCC order requiring that the latitude and longitude of such a call be identified within a radius of 125 meters in 67% of all cases. Typically, in these situations, once the dispatcher has obtained the coordinates of a wireless call, he or she provides the appropriate responder with the specific location.

In Michigan, the Emergency Telephone Service Enabling Act was enacted in 1986 to facilitate the statewide development of the 9-1-1 system. The Act set up a process for county boards of commissioners to establish local 9-1-1 systems and for "service suppliers" (telephone companies, or carriers) to pass on to their subscribers part of the suppliers' technical charges. Subsequent amendments also allow service

suppliers to levy emergency telephone operational charges. In addition, counties may assess a charge or millage to cover emergency telephone operational costs, with voter approval. The Act is set to expire on December 31, 2006. It has been suggested that the sunset be delayed for a year to permit the continued assessment of charges to fund the 9-1-1 system.

In a related matter, some people have raised concerns about disparities in 9-1-1 funding due to the emergence of new technologies. As more people abandoned landlines in favor of cellular phones, which previously were not subject to the surcharges, the revenue available to fund 9-1-1 systems declined significantly. Legislation was passed in 1999 to authorize the assessment of 9-1-1 surcharges on wireless customers. Since that time, some wireless providers have begun offering prepaid plans with no contracts. Customers using this type of service fall outside the scope of the Act's language regarding the assessment of 9-1-1 surcharges. Additionally, consumers choosing internet-based telephone service (voice over internet protocol, or VOIP) also are not subject to 9-1-1 surcharges. It has been suggested that the State 9-1-1 Director be required to submit to the Legislature recommendations for long-term funding of the 9-1-1 system in order to address these disparities.

CONTENT

The bill would amend the Emergency Telephone Service Enabling Act to do the following:

- Delete a provision prohibiting the levy or collection of the emergency telephone technical charge and the emergency telephone operational charge after December 31, 2006.
- Require the State 9-1-1 Director, by December 1, 2006, to issue to the Legislature and the Governor a report making recommendations for stable, equitable long-term funding of the State's 9-1-1 system.
- Require the report to contain a recommendation that any 9-1-1 fees collected from communications providers be assessed in a competitively neutral manner.
- Delay the Act's December 31, 2006, sunset until December 31, 2007.

("Emergency telephone operational charge" means a charge for nonnetwork technical equipment and other costs directly related to the dispatch facility and the operation of one or more PSAPs, including the costs of dispatch personnel and radio equipment necessary to provide two-way communication between PSAPs and a public safety agency.)

"Emergency telephone technical charge" means a charge for the network start-up costs, customer notification costs, billing costs (including an allowance for uncollectibles for technical and operational charges), and network nonrecurring and recurring installation, maintenance, service, and equipment charges for a service supplier providing 9-1-1 service under the Act.)

MCL 484.1301 et al.

ARGUMENTS

(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)

Supporting Argument

The Emergency Telephone Service Enabling Act is set to expire at the end of 2006. Efforts to identify an equitable, sustainable funding mechanism and the enactment of legislation to implement a solution will not be completed by that date. Additionally, counties in which the renewal of the 9-1-1 surcharge is to appear on this year's ballot must file their ballot language with the county clerk by May 30. A workgroup on sustainable funding has been appointed and

is expected to present its findings and recommendations to the State's Emergency Telephone Service Committee in June 2006. By delaying the Act's expiration for one year, eliminating a sunset on the collection of charges to cover PSAPs' and service suppliers' costs, and requiring a report focused on equitable funding, the bill would give the workgroup adequate time to complete its task and provide a stopgap measure to ensure that 9-1-1 systems remain solvent until a more comprehensive review of the Act can be undertaken.

Legislative Analyst: Julie Koval

FISCAL IMPACT

The bill would enable the provision of the Act that requires a 29-cent monthly surcharge on cell phone bills to continue beyond the current sunset date of December 31, 2006. Surcharge funds are distributed to various recipients to assist in the provision of local and State 9-1-1 services. From the 29-cent surcharge, 15 cents go to counties (per capita), 10 cents to counties (by formula), 1.5 cents for training, 1 cent for necessary land lines, 1 cent to the Department of State Police (0.5 cent each for 9-1-1 operations and State 9-1-1 administration), and 0.5 cent for commercial provider surcharge processing. The estimated annual surcharge revenue collection is currently \$17.9 million. The cost of the bill's requirement that the State 9-1-1 Director issue a report on future funding recommendations could be assumed by existing resources.

Fiscal Analyst: Bruce Baker

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.