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BILL ANALYSIS



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Senate Bill 1172 (as enrolled)
Sponsor: Senator Cameron S. Brown
Senate Committee: Technology and Energy
House Committee: Energy and Technology

PUBLIC ACT 249 of 2006

Date Completed: 2-5-07

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 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 was set to expire on December 31, 2006. It was 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. In 1999, legislation amended the Act 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 was 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 issues.

CONTENT

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

- Prohibit the levy or collection of the emergency telephone technical charge and the emergency telephone operational charge after December 31, 2007, rather than 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, and recommendations, if any, for the establishment of standards for the training and response time of 9-1-1 personnel.
- 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.)

The bill took effect on July 3, 2006.

MCL 484.1301 et al.

BACKGROUND

On November 9, 2006, the Emergency Telephone Service Committee (ETSC) submitted to the Legislature a report containing six recommendations. These include a recommendation for the creation of a two-tiered operational surcharge system that would apply equally to all technologies that have access, or can gain access, to the 9-1-1 system, including traditional landline telephone services, wireless services, and VOIP 9-1-1 services. The first tier would

consist of a statewide operational surcharge of between 20 and 30 cents collected through the State Treasury to fund baseline funding for counties, dispatcher training, the State 9-1-1 Office, and tier one billing and collection. The second tier would consist of a locally determined county-based operational surcharge to fund local 9-1-1 operations. The local surcharge could not exceed the amount necessary to operate the 9-1-1 system.

Noting that each PSAP currently is responsible for establishing its own dispatcher training standards and programs, the report included a recommendation that the ETSC be authorized to promulgate rules to approve training courses funded through the statewide surcharge, and to develop, implement, and administer dispatcher training standards.

The report's recommendation regarding the response time of 9-1-1 personnel is that the ETSC be granted the rule promulgation authority necessary to set and enforce identified standards for PSAP operations and county certification of compliance with the standards for receipt of 9-1-1 funds.

The report also suggests that \$500,000 should be appropriated from the CMRS (Commercial Mobile Radio System) Fund for an independent study of the feasibility of an IP-based 9-1-1 system in Michigan. The CMRS Fund consists of a surcharge imposed on wireless phones to enable 9-1-1 operators to identify the location of a cellular phone call. Additionally, the report calls for the designation of \$10 million for an initial capital outlay for an IP-based 9-1-1 system in Michigan.

To improve the time of responding to 9-1-1 calls made from a multiline telephone system (MLTS), the report recommends that location information for such calls be legislatively mandated. Currently, 9-1-1 calls made from these systems do not display the caller's precise location to the dispatcher, but instead display the location of the system's switch equipment or a primary building on the MLTS. The report states that the MLTS requirements should require information that provides the building and floor of the caller or an adequate alternative internal method to provide location information for public safety responders.

The report also includes a recommendation for a more efficient process to amend a county 9-1-1 plan. Currently, if a county plan is to be changed, it must be amended through a process that evidently can be costly and time-consuming. Thus, plans are updated only intermittently and sometimes contain obsolete references. The report proposes to allow limited changes to county 9-1-1 plans by the recognition of administrative findings, made by a resolution of the county commission, as addenda to the plans. The administrative findings would include changes in PSAP premises equipment, changes in public safety departments, and changes in the amount of any 9-1-1 surcharges collected by the county.

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 was assumed by existing resources.

Fiscal Analyst: Bruce Baker

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 was 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 were not expected to be completed by that date. Additionally, counties in which the renewal of the 9-1-1 surcharge was to appear on the 2006 ballot had to file their ballot language with the county clerk by May 30. A workgroup on sustainable funding was appointed and was to present its findings and recommendations to the State's Emergency Telephone Service Committee in 2006. By delaying the Act's expiration for one year, delaying a sunset on the collection of charges to cover PSAPs' and service suppliers' costs, and requiring a report focused on equitable funding, the bill gave the workgroup adequate time to complete its task and provides 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 Cassidy

FISCAL IMPACT

The bill enables the provision of the Act that requires a 29-cent monthly surcharge on cell phone bills to continue beyond the former sunset date of December 31, 2006.

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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.