

Senate Bill 410 (Substitute S-3 as reported by the Committee of the Whole)
Senate Bill 411 (Substitute S-3 as reported by the Committee of the Whole)
Sponsor: Senator Cameron S. Brown (S.B. 410)
 Senator Raymond E. Basham (S.B. 411)
Committee: Energy Policy and Public Utilities

CONTENT

Senate Bill 410 (S-3) would amend the Emergency Telephone Service Enabling Act to:

- Change the name of the Act to the "Emergency 9-1-1 Service Enabling Act".
- Refer to "emergency 9-1-1 service", rather than "emergency telephone service".
- Prohibit an emergency 9-1-1 service system from being implemented except as provided under the Act.
- Require each service supplier in the State to give each of its service users access to the 9-1-1 system.
- Replace the current emergency telephone technical charge (which applies to land line users) with a 19-cent State 9-1-1 charge on service users (including cell phone and land line users) effective January 1, 2008, and provide for adjustments to it.
- Require each service supplier to bill and collect the State 9-1-1 charge; and require the amount collected from this to be deposited in the "Emergency 9-1-1 Fund" (currently the CMRS Emergency Telephone Fund).
- Allow a county board of commissioners, beginning January 1, 2008, to assess a county 9-1-1 charge, instead of the current emergency telephone operational charge.
- Require each county that decided to assess a surcharge to submit to the Public Service Commission (PSC) by September 15, 2007, the initial county charge and the estimated amount of revenue to be generated for 2007 and 2008.
- Require the PSC to review and approve or reject a county surcharge if the amount to be generated in 2008 exceeded the amount received in 2007 plus 2.7%; and require the rejected surcharge to be adjusted to ensure that the revenue generated did not exceed the amount allowed.
- Allow a service supplier to retain 2% of the county 9-1-1 charge to cover the cost of billing and collections.
- Beginning January 1, 2008, require each CMRS (commercial mobile radio service, i.e., wireless) supplier or reseller to collect an emergency 9-1-1 charge from each of its prepaid customers, and require the money to be deposited in the Emergency 9-1-1 Fund.
- Require the Emergency 9-1-1 Service Committee (currently the Emergency Telephone Service Committee) to establish the amount of the charge annually.

Senate Bill 411 (S-3) would amend the Act to:

- Delay the Act's sunset from December 31, 2007, until December 31, 2011.
- Prohibit a service supplier from altering the State or county 9-1-1 charge except as provided in the Act.
- Allow the PSC to promulgate rules requiring each service user with a multiline telephone system to install by December 31, 2011, equipment and software to provide specific location information of a 9-1-1 call.
- Allow the PSC to promulgate rules establishing the standard for county certification of the receipt and expenditures of 9-1-1 funds, and training standards for 9-1-1 personnel.
- Require the PSC to consult with and consider the recommendations of the Committee in promulgating rules.

- Provide that receipt of 9-1-1 funds would depend on compliance with standards established by the PSC.
- Eliminate a requirement that Fund money be appropriated in order for the Department of Treasury to spend it.
- Delete a requirement that a CMRS supplier or reseller impose a monthly service charge of 52 cents for each Michigan CMRS connection.
- Beginning January 1, 2008, require all service suppliers to include a monthly State 9-1-1 service charge (as established under Senate Bill 410) on service users' bills.
- Allow service suppliers to keep 2% of the State charge for billing and collection costs; and delete a provision allowing a CMRS supplier or reseller to retain half of one cent of each service charge to cover these costs.
- Revise the distribution of money from the Emergency 9-1-1 Fund, and earmark funds to study the feasibility of an IP-based 9-1-1 system.
- Require the Committee to develop a voluntary informal process for resolving disputes arising from the formulation, implementation, and delivery of 9-1-1 services.
- Increase the criminal penalties for improper use of an emergency 9-1-1 service.

MCL 484.1101 et al. (S.B. 410)
484.1402 et al. (S.B. 411)

Legislative Analyst: Julie Cassidy

FISCAL IMPACT

The bills would continue, but amend, a charge-based funding mechanism for 9-1-1 service in the State that otherwise will sunset December 31, 2007. Retaining the funding mechanism would generate charge-based revenue of approximately \$20.9 million to fund costs related 9-1-1 service in the State.

Currently, 29 cents is charged monthly on each cell phone bill in the State. The revenue from this surcharge is distributed by the State in the following way: 25 cents to counties, one cent to the Michigan State Police, one and one-half cents for training, one-half cent for providers for billing costs, and one cent to land line network providers. This surcharge brings in approximately \$20 million annually, and other provisions in the statute allowing technical charges for communication companies add another approximately \$8.4 million.

The bills would change the current 9-1-1 charge from a 29-cent surcharge on cell phone bills (covering 6.6 million phone bills) to 19 cents on each communication device (land line and cell phones and others) that have access to 9-1-1 services (approximately 12.3 million actual devices; 9.3 million which would be charged under the bills). The proposed new surcharge would generate approximately \$20.9 million. After service suppliers retained 2% of the State 9-1-1 charge for billing and collection, the State would distribute approximately \$20.5 million as follows (fiscally similar to amounts distributed under current law): 82.5% to counties, distributed on a 40% equal basis and 60% by population; 7.75% to fund common network costs; 6% to 9-1-1 training programs; and 3.75% to fund State 9-1-1 office and services.

As under current law, the bills would allow counties to apply local surcharges to fund 9-1-1 services, but would allow them to apply this surcharge to all communication devices that have access to 9-1-1, as the proposed new State surcharge would be allowed to do.

The bills also would direct \$500,000 from the current \$18.8 million balance in the CMRS Fund (unspent funds from cost recovery surcharges for wireless providers) to be used for a feasibility study to determine whether it would be advisable for the State to move to an IP (internet protocol) 9-1-1 system.

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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.