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Senate Bill 815 (as enacted)
Sponsor: Senator Bruce Patterson
Senate Committee: Energy Policy and Public Utilities
House Committee: Oversight and Investigations

PUBLIC ACT 48 of 2008

Date Completed: 7-24-09

RATIONALE

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 allowed service suppliers to levy emergency telephone operational charges. In addition, counties could assess a charge or millage to cover emergency telephone operational costs, with voter approval. In 1999, legislation amended the Act to authorize the assessment of 9-1-1 surcharges on wireless customers.

In response to concerns that some wireless customers and those using voice over internet protocol (VOIP) fell outside the scope of the Act's language regarding the assessment of 9-1-1 surcharges, and about the equity and stability of 9-1-1 funding in general, Public Act 249 of 2006 required the State 9-1-1 Director to submit to the Legislature recommendations for long-term funding of the 9-1-1 system. The Emergency Telephone Service Committee (now called the Emergency 9-1-1 Service Committee) adopted the Director's report and submitted it to the Legislature in November 2006. The Committee's recommendations included the replacement of the previous funding system with a two-tiered system that would apply to all communication methods capable of gaining access to 9-1-1 service. The recommendations were enacted under Public Acts 164 and 165 of 2007. Public Act 165

deleted provisions requiring wireless providers to collect a 29-cent monthly 9-1-1 charge from their customers, effective December 21, 2007. Public Act 165 established a new wireless 9-1-1 charge, determined by the Committee according to a prescribed formula, and required wireless providers to begin collecting it on July 1, 2008. It was suggested that wireless providers should be required to continue collecting the previous 29-cent charge until the new charge became effective.

CONTENT

The bill amended the Emergency 9-1-1 Service Enabling Act to require a commercial mobile radio service (CMRS) supplier or reseller to continue to collect the 29-cent service charge it was authorized to collect before December 21, 2007. This provision applied from January 1, 2008, until July 1, 2008, to each CMRS connection with a Michigan billing address.

The bill was retroactive and took effect on January 1, 2008.

MCL 484.1401 & 484.1408

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 9-1-1 system constitutes a vital service for Michigan residents, and a stable, equitable funding source is essential. Public

Acts 164 and 165 of 2007 established a system to achieve that goal; however, there was an approximately six-month delay between the elimination of the previous wireless 9-1-1 charge and implementation of the new charge to give the Emergency 9-1-1 Service Committee time to determine how much it should be. Senate Bill 815 was necessary to avoid a gap in funding from customers using cell phones, which have grown to outnumber landlines in Michigan.

Legislative Analyst: Julie Cassidy

FISCAL IMPACT

The bill continued until July 1, 2008, a charge-based funding mechanism for 9-1-1 service in the State that generated revenue of approximately \$28.4 million annually to fund costs related to 9-1-1 service in the State.

Under the statute, 29 cents previously was charged monthly on each cell phone bill in the State. The revenue from this surcharge was 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 landline network providers. This surcharge brought in approximately \$20 million annually, and other provisions in the statute allowing technical charges for communication companies added approximately \$8.4 million. (As described above, Public Acts 164 and 165 replaced the 29-cent surcharge with a new wireless 9-1-1 charge, which will continue to generate approximately \$20.9 million annually.)

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.