

## COUNTY 911 CHARGES

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### House Bill 6070

Sponsor: Rep. Jeff Mayes

Committee: Energy and Technology

Complete to 9-23-08

## A SUMMARY OF HOUSE BILL 6070 AS INTRODUCED 5-7-08

The Emergency 911 Service Enabling Act permits counties to impose a 911 charge through adoption of a resolution, property tax millage with voter approval, or a combination of the two. (Counties can also operate their 911 services without imposing a specific 911 charge, choosing, instead, to fund their 911 services with other county funds.) The bill would delete the specific reference to imposing the 911 charge through adoption of a resolution and specify, instead, that counties may assess a 911 charge "by millage or as otherwise allowed by law, with the approval of voters in the county, or a combination thereof." It appears, then, that counties would no longer be permitted to impose a 911 charge through adoption of a resolution without subjecting the charge to voter approval.

The bill would also amend the act to limit the county 911 charge to \$3/month.<sup>1</sup> A county that seeks to increase its current charge would have to obtain approval from the Michigan Public Service Commission (MPSC) and, subsequent to that, the voters.<sup>2</sup> A county could not seek voter approval of a higher charge without first receiving approval from the MPSC. To receive approval from the MPSC, a county would have to submit an application that includes the amount of the current charge, the amount of revenue generated by the current charge, and the estimated amount of revenue generated by the proposed charge. The MPSC would then have 45 days in which it could approve or disapprove that charge.

The bill would also subject the county 911 charge to annual review by the MPSC. Each year, counties would be required to submit financial information to the MPSC to enable it to review whether the 911 charge generates than the amount initially approved by voters. If it does, the MPSC would have the authority to reduce the surcharge so that it only generates the amount approved by voters.<sup>3</sup>

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<sup>1</sup> It is assumed this \$3 limit is intended to apply to only a straight charge collected through telephone bills, rather than the 911 charge assessed through a property tax millage. However, a reading of the bill (and underlying act), gives the impression that a "county 911 charge" (a phrase used throughout the act but sometimes substituted with "911 surcharge" or simply "surcharge") includes a county 911 millage. The bill states, "a county board of commissioners may, by millage...assess a county 911 charge." It isn't immediately clear how the \$3 limit would apply to 911 charges assessed through a property tax millage, as the charge paid by property taxpayers varies depending on a property's taxable value, and some property taxpayers could pay more than the equivalent of \$3/month and other property taxpayers could pay less than the equivalent of \$3/month.

<sup>2</sup> The \$3 limit would only apply to the County 911 charge. It would not affect the technical charge added by local exchange providers under Section 401d (MCL 484.1401d). The technical charge includes separate charges for recurring costs (generally limited to \$0.80, and imposed in nearly all counties) and non-recurring costs (generally limited to \$1.00 and imposed in only a handful of counties).

<sup>3</sup> The bill specifically states that the annual review of the county charges would apply "Twelve months after the implementation date of the surcharge under Sections 401B and 401F, and annually thereafter..." It's not clear what

## FISCAL IMPACT:

Technically, the bill would have no fiscal impact on local units, because the Emergency 911 Service Enabling Act (MCL 484.1717) has a sunset date of February 28, 2009, and the bill does not extend the sunset, and its provisions (theoretically) would first impact county 911 charges beginning July 1, 2009 at the earliest.

Assuming the sunset is extended, the bill would have an indeterminate, though negative, fiscal impact on counties. As indicated in the chart below, currently no county that assesses a 911 charge through a straight charge (i.e. a set dollar amount) collected through telephone bills has a monthly charge that exceeds \$3. (Although that may not necessarily be the case in those counties where the 911 charge is assessed through a property tax millage.) It's not known what counties will charge in future years for 911 services, whether counties would "trigger" the \$3 limit imposed in the bill (i.e. some county charges aren't close to the \$3 limit, while others are), what the MPSC's action on fee increases will ultimately be, or whether voters will ultimately approve 911 charges. Generally, under the provisions of the bill, county 911 charges would be lower than what they otherwise would be under existing law (again, assuming the sunset is extended), as the bill requires the MPSC to "modify" (i.e. adjust downward) the 911 charge "to generate only the amount approved by voters." (The act generally does not include any limitations on county 911 charges, except on the amount charged initially under the act, as amended by Public Acts 164 and 165 of 2007, Senate Bills 410 and 411).<sup>4</sup> Additionally, the bill could increase expenditures by counties and other local units if a special election is required for voters to approve a proposed increased in a county 911 charge. The chart on the next page shows the current technical charges imposed by local exchange providers, the County 911 charge, and estimated revenue from the 911 charge.

Fiscal Analyst: Mark Wolf

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.

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the "implementation date" means. Under Section 401B, changes to county 911 charges take effect each July 1st. It appears that the implementation date for Section 401B is each July 1st. However, under Section 401F (adding provisions regarding MPSC approval of charges over \$3), the implementation date could be the date the county submits its application to the MPSC or the July 1st when the new charge takes effect. In either case, if new rates are to take effect July 1st, it would seem that the financial information would have to be provided to the MPSC, and any MPSC action reducing the rates would have to occur, some time before July 1 (i.e., sometime before 'twelve months after the implementation date, and annually thereafter'). Moreover, the act requires counties to notify the Emergency 911 Service Committee by April 1st of each year of any changes in the county 911 charge, taking effect July 1. This requires information to be submitted to the MPSC sometime before April 1st.

<sup>4</sup> Public Acts 164 and 165 altered the funding of 911 services by expanding the state and local charges to include all types of telephone devices, which, in theory, enabled the charges to be reduced. County 911 charges, which previously were assessed against landline telephones, are now assessed against landlines and cellular (wireless) phones. The acts required counties to submit their 2008 911 charges to the MPSC, and limited revenue increases over the prior year to 2.7%.

County	Technical Charge		County 911 Charge	Total Charges	2008 Est. Revenue County 911 Charge
	Recurring	Non-Recurring			
Alcona	\$0.36	\$0.00	\$2.10	\$2.46	\$267,252
Alger	\$0.24	\$0.00	\$0.18	\$0.42	\$25,021
Allegan	\$0.23	\$0.00	\$1.63	\$1.86	\$1,998,282
Alpena	\$0.28	\$0.00	\$2.14	\$2.42	\$730,036
Antrim	\$0.48	\$0.00	\$1.97	\$2.45	\$491,610
Arenac	\$0.28	\$0.00	\$0.32	\$0.60	\$60,980
Baraga	\$0.00	\$0.00	\$0.00	\$0.00	\$0
Barry	\$0.23	\$0.00	\$0.00	\$0.23	\$0
Bay	\$0.20	\$0.00	\$0.00	\$0.20	\$0
Benzie	\$0.18	\$0.00	\$2.13	\$2.31	\$371,268
Berrien	\$0.00	\$0.00	\$0.42	\$0.42	\$747,200
Branch	\$0.35	\$0.00	\$0.31	\$0.66	\$138,600
Calhoun	\$0.25	\$0.00	\$0.60	\$0.85	\$679,285
Cass	\$0.30	\$0.00	\$1.18	\$1.48	\$656,598
Charlevoix	\$0.22	\$0.00	\$0.51	\$0.73	\$144,631
Cheboygan	\$0.22	\$0.00	\$0.50	\$0.72	\$144,600
Chippewa	\$0.33	\$0.00	\$0.99	\$1.32	\$415,865
Clare	\$0.24	\$0.00	\$0.47	\$0.71	\$159,109
Clinton	\$0.34	\$0.00	\$2.00	\$2.34	\$1,508,823
Crawford	\$0.35	\$0.00	\$2.35	\$2.70	\$364,277
Delta	\$0.23	\$0.00	\$0.44	\$0.67	\$186,327
Dickinson	\$0.49	\$0.00	\$0.41	\$0.90	\$122,126
Eaton	\$0.19	\$0.00	\$0.00	\$0.19	\$0
Emmet	\$0.22	\$0.00	\$0.58	\$0.80	\$196,616
Genesee	\$0.21	\$0.00	\$1.24	\$1.45	\$5,892,706
Gladwin	\$0.21	\$0.00	\$0.51	\$0.72	\$144,069
Gogebic	\$0.15	\$0.00	\$0.30	\$0.45	\$56,897
Grand Traverse	\$0.24	\$0.00	\$0.66	\$0.90	\$570,610
Gratiot	\$0.29	\$0.00	\$1.29	\$1.58	\$593,019
Hillsdale	\$0.50	\$0.00	\$1.20	\$1.70	\$609,547
Houghton	\$0.24	\$0.00	\$1.10	\$1.34	\$430,103
Huron	\$0.26	\$0.00	\$1.87	\$2.13	\$734,940
Ingham	\$0.25	\$0.00	\$0.31	\$0.56	\$840,000
Ionia	\$0.22	\$0.00	\$1.77	\$1.99	\$1,182,160
Iosco	\$0.23	\$0.00	\$1.85	\$2.08	\$550,503
Iron	\$0.32	\$0.00	\$1.61	\$1.93	\$236,052
Isabella	\$0.35	\$0.00	\$1.50	\$1.85	\$1,034,460
Jackson	\$0.23	\$0.00	\$0.44	\$0.67	\$749,644
Kalamazoo	\$0.20	\$0.00	\$0.00	\$0.20	\$0
Kalkaska	\$0.31	\$0.00	\$2.52	\$2.83	\$466,027
Kent	\$0.17	\$0.00	\$0.45	\$0.62	\$1,442,156
Keweenaw	\$0.00	\$0.00	\$0.00	\$0.00	\$0
Lake	\$0.25	\$0.00	\$2.51	\$2.76	\$309,356
Lapeer	\$0.12	\$0.00	\$1.55	\$1.67	\$1,483,869
Leelanau	\$0.25	\$0.00	\$0.00	\$0.25	\$0
Lenawee	\$0.33	\$0.00	\$1.18	\$1.51	\$1,253,610

County	Technical Charge		County 911 Charge	Total Charges	2008 Est. Revenue County 911 Charge
	Recurring	Non-Recurring			
Livingston	\$0.18	\$0.00	\$1.85	\$2.03	\$3,216,200
Luce	\$0.32	\$0.00	\$0.99	\$1.31	\$77,600
Mackinac	\$0.26	\$0.00	\$1.43	\$1.69	\$186,339
Macomb	\$0.20	\$0.00	\$0.00	\$0.20	\$0
Manistee	\$0.26	\$0.00	\$0.00	\$0.26	\$0
Marquette	\$0.20	\$0.00	\$0.00	\$0.20	\$0
Mason (1)	\$0.28	\$0.00	\$2.09	\$2.37	\$1,255,840
Mecosta	\$0.27	\$0.00	\$1.50	\$1.77	\$662,437
Menominee	\$0.34	\$0.00	\$1.30	\$1.64	\$357,396
Midland	\$0.26	\$0.00	\$0.00	\$0.26	\$0
Missaukee	\$0.41	\$0.00	\$0.00	\$0.41	\$0
Monroe	\$0.23	\$0.00	\$0.39	\$0.62	\$625,037
Montcalm	\$0.47	\$0.00	\$1.89	\$2.36	\$1,258,640
Montmorency	\$0.36	\$0.00	\$1.47	\$1.83	\$221,408
Muskegon	\$0.25	\$0.00	\$0.34	\$0.59	\$630,919
Newaygo	\$0.60	\$0.00	\$1.56	\$2.16	\$810,977
Oakland	\$0.23	\$0.01	\$0.18	\$0.42	\$2,304,550
Oceana (1)	\$0.28	\$0.00	\$2.09	\$2.37	\$1,255,840
Ogemaw	\$0.25	\$0.00	\$0.59	\$0.84	\$138,941
Ontonagon	\$0.41	\$0.10	\$0.51	\$1.02	\$43,774
Osceola	\$0.27	\$0.00	\$1.50	\$1.77	\$379,130
Oscoda	\$0.46	\$0.00	\$0.45	\$0.91	\$45,945
Otsego	\$0.48	\$0.00	\$1.72	\$2.20	\$436,358
Ottawa	\$0.21	\$0.00	\$0.00	\$0.21	\$0
Presque Isle	\$0.34	\$0.00	\$0.31	\$0.65	\$48,512
Roscommon	\$0.35	\$0.00	\$0.00	\$0.35	\$0
Saginaw	\$0.22	\$0.00	\$2.18	\$2.40	\$4,983,523
Sanilac	\$0.22	\$0.00	\$0.44	\$0.66	\$211,562
Schoolcraft	\$0.32	\$0.12	\$0.40	\$0.84	\$46,000
Shiawassee	\$0.35	\$0.00	\$1.22	\$1.57	\$941,169
St. Clair	\$0.20	\$0.00	\$0.41	\$0.61	\$735,332
St. Joseph	\$0.26	\$0.00	\$0.00	\$0.26	\$0
Tuscola	\$0.20	\$0.00	\$1.80	\$2.00	\$1,139,970
Van Buren	\$0.24	\$0.00	\$0.41	\$0.65	\$339,620
Washtenaw	\$0.19	\$0.00	\$0.43	\$0.62	\$1,509,829
Wayne (2)					
- Detroit	\$0.23	\$0.00	\$0.34	\$0.57	\$7,548,114
- Downriver	\$0.17	\$0.00	\$0.34	\$0.51	\$7,548,114
- East Wayne	\$0.19	\$0.00	\$0.34	\$0.53	\$7,548,114
- West Wayne	\$0.20	\$0.01	\$0.34	\$0.55	\$7,548,114
Wexford	\$0.24	\$0.00	\$0.25	\$0.49	\$103,114
<b>Total</b>					<b>\$58,246,470</b>

Source: Emergency 911 Service Committee, 2008 Report to the Legislature (August 1, 2008) and Michigan Public Service Commission, Opinion and Order, Case No. U-15489 (June 3, 2008).

(1) Mason and Oceana Counties operate a combined 911 service; the revenue figures cited in each county is the combined revenue amount.

(2) The revenue figure for the Wayne County 911 charge is a combined, county-wide amount.

(3) Rates are those in effect as of August 1, 2008.