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House Bill 6070 (Substitute H-3 as passed by the House)  
Sponsor: Representative Jeff Mayes  
House Committee: Energy and Technology  
Senate Committee: Homeland Security and Emerging Technologies

Date Completed: 12-3-08

### **CONTENT**

**The bill would amend the Emergency 9-1-1 Service Enabling Act to do the following:**

- Delay the Act's February 28, 2009, sunset until December 31, 2014.**
- Revise deadlines for adjusting the amount and allocation of State 9-1-1 charges.**
- Limit the amount of a 9-1-1 charge that a county may assess, and apply the limits to proposed increases in existing approved county 9-1-1 charges.**
- Expand confidentiality provisions pertaining to information submitted to counties by service suppliers.**
- Require a service supplier to make an annual accounting of the emergency telephone technical charges it collected, and adjust the charge if the accounting showed it to be insufficient or excessive.**

The bill is described below in further detail.

#### State 9-1-1 Charge Adjustment Deadlines

Under the Act, each service supplier within a 9-1-1 service district must bill and collect a State 9-1-1 charge from all of its service users within the geographical boundaries of the district, or as otherwise provided in the Act. The billing and collection of the charge began July 1, 2008. The charge must be uniform per each service user within the district.

The amount of the monthly service charge may not be more than 25 cents or less than 15 cents. The Act requires an initial charge of 19 cents per month, effective July 1, 2008. The charge must reflect the actual costs of operating, maintaining, upgrading, and other reasonable and necessary expenditures for the State's 9-1-1 system, and it may be reviewed and adjusted annually as provided below. The supplier must collect the State 9-1-1 charge in accordance with its regular billings and remit this money to the State Treasurer for deposit in the Emergency 9-1-1 Fund.

The Public Service Commission (PSC), in consultation with the Emergency 9-1-1 Service Committee, must review and adjust the State 9-1-1 charge and the distribution percentages under Section 408 to be effective on January 1, 2009, and January 1, 2010. The bill would refer to January, rather than July, in this provision. Currently, the PSC must make any adjustment to the charge by October 1 of the preceding year. Under the bill, the PSC would

have to make the adjustment by May 1 of the preceding year. The bill would retain a provision requiring adjustments to the charge or distribution percentages after December 31, 2010, to be made by the Legislature.

(Section 408 requires all money collected and deposited in the Emergency 9-1-1 Fund to be distributed as follows, except as otherwise provided:

- 82.5% must be disbursed to each county that has a final 9-1-1 plan in place, 40% of which must be distributed quarterly on an equal basis to each county, and 60% of which must be distributed quarterly on a per capita basis.
- 7.75% must be available to reimburse local exchange providers for the costs related to wireless emergency service.
- 6.0% must be available to public safety answering points (PSAPs) for training personnel assigned to 9-1-1 centers.
- 1.88% must be credited to the Michigan Department of State Police (MSP) to operate a regional dispatch center that receives and dispatches 9-1-1 calls, and 1.87% must be credited to the MSP for costs to administer the Act and to maintain the Office of the State 9-1-1 Coordinator.)

#### County 9-1-1 Charge

Under the Act, in addition to the State 9-1-1 charge, after June 30, 2008, a county board of commissioners may, by resolution, millage as otherwise allowed by law, with the approval of the voters in the county, or any combination of those methods, assess a county 9-1-1 charge. The board of commissioners must state in the resolution, ballot question, or millage request the anticipated amount to be generated. Under the bill, instead, in addition to the State 9-1-1 charge, a county board of commissioners could assess a county 9-1-1 charge to service users located within that county by one of the following methods:

- Up to 42 cents per month by resolution.
- Up to \$3 per month with the approval of county voters.
- Any combination of charges by resolution or with voter approval, up to \$3 per month.

A county assessing a county charge amount approved in the PSC's order in Case No. U-15489 that exceeded the amounts established in the bill could continue to assess the amount approved by the PSC. Any proposed increase in that amount would be subject to the limits prescribed in the bill.

The Act allows a county to adjust the county 9-1-1 charge annually to be effective July 1. Under the bill, any adjustment would be subject to the prescribed limits. The Act requires the county to notify the Committee of any changes by April 1 of each year. The bill would change this deadline to May 15.

(A service supplier may retain 2% of the approved county 9-1-1 charge to cover its costs for billings and collections. The charge must be listed separately on a customer's bill and state the means by which it was approved.)

#### Service Supplier Information

Under the Act, information submitted by a service supplier to a county under the county 9-1-1 charge provisions is exempt from the Freedom of Information Act and may not be released by the county without the service supplier's consent. Under the bill, unless required or permitted by statute, court rule, subpoena, or court order, or except as necessary for a county, the PSC, the Committee, or a public agency to pursue or defend the public's interest in any public contract or litigation, a county treasurer, the PSC, the Committee, an agency, or any employee or representative of a PSAP, database

administrator, or public agency could not divulge any information acquired with respect to customers, revenue or expenses, trade secrets, access line counts, commercial information, or any other proprietary information with respect to a service supplier while acting or claiming to act as an employee, agent, or representative. An aggregation of information that did not identify or identify effectively the number of customers, revenue or expenses, trade secrets, access lines, commercial information, and other proprietary information attributable to a specific service supplier could be made public.

#### Emergency Telephone Technical Charge

Under the Act, each local exchange supplier within a 9-1-1 service district must provide a billing and collection service for an emergency telephone technical charge from all of its service users within the geographical boundaries of the district. The charge must be uniform per each exchange access facility within the district. The portion of the technical charge that represents the service supplier's start-up costs, nonrecurring billing, installation, service, and equipment charges, including the costs of updating equipment necessary for conversion to 9-1-1 service, must be amortized at the prime rate plus 1% over a period of up to 10 years and must be billed and collected from all service users only until the service supplier recoups fully those amounts. Recurring costs and charges included in the technical charge must continue to be billed to the service user. The amount of the charge to be billed to each service user must be computed by dividing the total technical charge by the number of exchange access facilities within the district.

The amount of the monthly technical charge for recurring costs and charges may not exceed 4% of the lesser of \$20 or the highest monthly rate the local exchange provider charges for primary basic local exchange service within the district. The amount of the charge for nonrecurring costs and charges may not exceed 5% of the lesser of \$20 or the highest monthly rate the provider charges for basic local exchange service within the district. The difference, if any, between the amount of the charge computed per exchange access facility and the permitted maximum must be paid by the county from funds available to it or through cooperative arrangements with public agencies within the 9-1-1 service district. The charge must be collected in accordance with the local exchange provider's regular billings. It must be added to and stated separately in the billings to service users.

Under the bill, within 90 days after the first day of the calendar year following the year in which a service supplier began collecting the emergency telephone technical charge, and within 90 days after the first day of each following calendar year, a service supplier collecting the technical charge for the purpose of providing 9-1-1 service pursuant to the Act would have to make an annual accounting to the 9-1-1 service district of the total emergency telephone charges collected during the immediately preceding calendar year.

If an annual accounting disclosed that the total emergency telephone technical charges collected during the previous year exceeded the total cost of installing and providing 9-1-1 service within the district for that year according to the service supplier's rates and charges, the service supplier would have to adjust the technical charge collected from service users in the district in an amount computed as follows: The excess would have to be divided by the number of exchange access facilities within the 9-1-1 service district as the district existed for the billing period immediately following the annual accounting. The service supplier's costs associated with making the adjustment as part of the billing and collection service would have to be deducted from the amount to be adjusted.

If the annual accounting disclosed that the total technical charges collected during the calendar year were less than the total cost of installing and providing 9-1-1 service within the district for the immediately preceding calendar year according to the service supplier's costs and rates, the service supplier would have to collect an additional charge from service users in the district in an amount computed as follows: Subject to the Act's limitations, the

amount by which the total cost exceeded the total technical charges collected during the immediately preceding calendar year would have to be divided by the number of exchange access facilities within the 9-1-1 service district as it existed for the billing period immediately following the annual accounting.

MCL 484.1401a et al.

Legislative Analyst: Julie Cassidy

### **FISCAL IMPACT**

The bill would have an indeterminate fiscal impact on the amount of funds raised by counties from 9-1-1 service user charges. The bill would limit the amount of a 9-1-1 service charge assessed by a county to \$3 per month. Currently no county has established a charge that exceeds this amount (the highest being \$2.52 per month). However, most counties have established monthly charges that do exceed \$0.42, which, under the bill, would be the maximum amount a county could charge (via adoption of a resolution) without going through a voter approval process—a key change to the Act proposed by the bill. Counties with current monthly charges over \$0.42 approved by resolution would be allowed to maintain that level of assessment under the bill, but any future increases would be subject to the voter approval requirement.

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.