



**House
Legislative
Analysis
Section**

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"UNCAP" 911 SERVICE CHARGES

House Bill 5083

Sponsor: Rep. Michael E. Nye

Committee: Public Utilities

Complete to 9-17-91

A SUMMARY OF HOUSE BILL 5083 AS INTRODUCED 8-22-91

The Emergency Telephone Service Enabling Act (Public Act 32 of 1986) allows local governments to join together to form area-wide 9-1-1 emergency services systems, and provides a mechanism to pay for such systems. Currently, the act says that subject to certain percentage caps on recurring and nonrecurring costs, charges to service users are to be computed by dividing the total emergency telephone charge by the number of "exchange access facilities" (basically, telephone lines) within the 9-1-1 service district. The act limits the amount service providers can charge depending on whether the provider is billing for "recurring" or "nonrecurring" costs. "Recurring costs" include the costs of maintenance, service, equipment, and tie lines; "nonrecurring costs" include the start-up costs to the supplier necessary for making the system operational.

In the original act, charges for recurring costs could not exceed two percent of the highest monthly base rate charged by the telephone company for one-party unlimited calling within a 9-1-1 service district, while charges for nonrecurring costs could be as much as five percent of the base rate, amortized for up to ten years and collected only until these costs were recovered. A 1991 amendment to the act (Public Act 45, enrolled Senate Bill 89) allowed newly-created 9-1-1 districts to charge a monthly surcharge for recurring costs of up to four percent of the highest monthly base rate charged by the service supplier for one-party unlimited calling within the district. (The highest allowable monthly surcharge for recurring costs for districts created before the amendment took effect remained at two percent.)

The bill would amend the act to remove the percentage caps on charges for 9-1-1 telephone services by deleting the sections of the act referring to percentage rates of recurring and nonrecurring costs. In their place, the bill would simply retain the section that says that "the amount of the emergency telephone charge to be billed to the service user shall be computed by dividing the total emergency telephone charge by the number of exchange access facilities within the 9-1-1 service district."

MCL 484.1401

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