



**House  
Legislative  
Analysis  
Section**

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**EXEMPT PAY PHONE VENDORS  
FROM 9-1-1 SERVICE CHARGE**

**House Bill 4831 as introduced  
First Analysis (5-15-96)**

**Sponsor: Rep. Sandra Hill  
Committee: Public Utilities**

***THE APPARENT PROBLEM:***

Currently, under the Emergency Telephone Enabling Act, each individual exchange access facility (a particular telephone user's access from the user's premises to the telephone system) is required to pay an emergency telephone fee to support the provision of 9-1-1 service. The fee is paid to the municipalities that provide the 9-1-1 service. Essentially, everyone who is connected to the telephone system pays a fee for 9-1-1 service for each connection they have to the system. However, some groups are excluded from this requirement. Specifically, service suppliers (i.e., Ameritech, GTE and others that provide local telephone service) are not required to pay the emergency telephone fee to support 9-1-1 service for pay telephones that they own and operate.

It is argued that this exemption provides an unfair competitive advantage to service suppliers who own and operate pay telephones over others who own and operate pay phones. As a result it is suggested that the Emergency Telephone Enabling Act should be amended to exempt all pay phone operators from paying the emergency service charge, so that all pay phone operators would be treated equally.

***THE CONTENT OF THE BILL:***

Under the Emergency Telephone Service Enabling Act (484.1102), each "exchange access facility" has to pay a fee to support the provision of emergency phone service (the emergency telephone charge). Currently, local telephone service suppliers do not have to pay this fee for pay phones that they own and operate. The bill would change the definition of exchange access facility to exempt all pay telephone vendors from paying the emergency telephone charge.

An exchange access facility refers to the access from a particular service user's premises to the telephone system. The current definition of exchange access facility excludes service supplier owned and operated pay telephones; the bill would change the definition to exclude all pay telephone lines or WATS or FX lines.

***FISCAL IMPLICATIONS:***

According to the House Fiscal Agency, the bill would have no fiscal impact. (4-12-96)

***ARGUMENTS:***

***For:***

The bill will eliminate an inequitable situation that exists in the current law. All pay phone operators will be exempted from having to pay for 9-1-1 service; this will prevent the service supplier-owned pay phones from having a competitive advantage over other pay phone operators. The current law inflicts an additional cost upon pay phone operators who are not also service suppliers, and this additional cost of doing business affects their ability to offer the same service at competitive prices.

***Against:***

By extending the exemption against paying to support the provision of 9-1-1 service, the bill will decrease the amount of money available for the provision of 9-1-1 service. The bill should eliminate the exemption for service supplier-owned pay phones rather than extend it to other pay phones.

***Response:***

There is good reason to exempt pay phones from having to pay to support 9-1-1 service. Pay phones are available to the general public for 9-1-1 calls and pay phone operators are not allowed to charge for such calls. This differs from a home phone which serves only those living in the house and is paid for by those who use the phone. As a result, the pay phone owner is providing a public service by giving the public access to 9-1-1 service without charge. The pay phone provider should not be the one to bear the cost of providing this service.

***POSITIONS:***

The Michigan Pay Telephone Association supports the bill. (5-14-96)

■ 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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