Senate Fiscal Agency
P. O. Box 30036
Lansing, Michigan 48909-7536

SFA BILL ANALYSIS

Telephone: (517) 373-5383
Fax: (517) 373-1986
TDD: (517) 373-0543

Senate Bill 837 (Substitute S-2 as reported)
Sponsor: Senator Mike Rogers
Committee: Technology and Energy

CONTENT

The bill would create the "Michigan Slamming Prohibition Act" to provide that an end user (retail subscriber) of a telecommunications services provider could not be switched to another provider without the end user's authorization. The Public Service Commission (PSC) would have to promulgate rules the ensure that an end user was not switched to another provider without the end user's oral authorization, written confirmation, or confirmation through an independent third party of the end user's intent to make a switch and had approved the specific details of the switch.

An end user who had been switched in violation of the Act or a provider who had been removed as an end user's provider without the end user's authorization could file a complaint with the PSC. The Commission also could file a complaint on its own motion. If the PSC found after notice and hearing that a provider has violated the Act or a rule promulgated under it, the PSC would have to order remedies and penalties, including but not limited to any of the following:

- Order the person to pay a fine of at least $2,000 but not more than $20,000 for a first offense, or at least $4,000 but not more than $40,000 for a second or subsequent offense. If a repeat violation had been knowingly made, the maximum fine would be $50,000.
- Order an unauthorized provider to make a refund to the end user.
- Order an unauthorized provider to reimburse an authorized provider.
- Revoke the license of a person licensed under the Michigan Telecommunications Act, if the PSC found a pattern of violations.
- Order cease and desist orders.

Legislative Analyst: S. Lowe

FISCAL IMPACT

According to the Public Service Commission, this bill would require the Commission to promulgate rules and hold hearings regarding unauthorized switching of a telecommunications provider. These additional administrative responsibilities could result in additional costs to the Commission. Additionally, this bill would authorize the Commission to impose a fine of not less than $2,000 or more than $20,000 for a first offense, not less than $4,000 or more than $40,000 for a second offense, and up to $50,000 for a subsequent offense that was knowingly made, on those companies found to be in violation, which would be deposited into the General Fund. The number of violators that would be assessed a monetary penalty is unknown; therefore, the amount of revenue that would be generated is indeterminate.

Date Completed: 5-22-98 Fiscal Analyst: M. Tyszkiewicz