
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

House Bill 5280 (Substitute H-3 as passed by the House)
Sponsor: Representative Agnes Dobronski
House Committee: Public Utilities
Senate Committee: Technology and Energy

Date Completed: 5-27-98

CONTENT

The bill would create the “Michigan Slamming Prohibition Act” to provide that a customer of a telecommunications services provider could not be switched to another provider without the customer’s authorization. A person who violated the bill would be subject to certain penalties, including a fine and license revocation.

The Public Service Commission (PSC) would be required to promulgate rules to ensure that a customer of a telecommunications provider was not switched to another provider without the customer’s oral authorization, written authorization, or confirmation through an independent third party of the customer’s intent to make a switch, and had approved the specific details of the switch. The rules would have to require that all providers comply with the regulations established by the Federal Communications Commission on verification procedures for the switching of a customer’s telecommunications provider.

A customer who had been switched to another provider in violation of the bill, or a provider who had been removed as a customer’s provider without the customer’s authorization, could file a complaint with the PSC. The PSC also could file a complaint on its own motion. Hearings would have to be held in the same manner as a proceeding under Section 203 of the Michigan Telecommunications Act (which provides for the PSC to conduct contested case hearings pursuant to the Administrative Procedures Act). If the PSC found after notice and hearing that a person had violated the bill or a rule promulgated under it, the PSC would have to order remedies and penalties to protect and make whole customers and other persons who had suffered damages as a result of the violation. The remedies and penalties could include, but would not be limited to, one or more of the following:

- A fine of at least \$1,000 but not more than \$20,000 per day that the person was in violation; or at least \$2,000 but not more than \$40,000 per day for a second or subsequent offense.
- A refund to the customer of any collected excessive rates.
- Revocation of a person’s license for a pattern of violations, if the person were a licensee under the Michigan Telecommunications Act.
- Cease and desist orders.

“Telecommunications services” would include regulated and unregulated intrastate services offered to customers for the transmission of two-way, interactive communications and associated usage.

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 \$1,000 or more than \$20,000 for a first offense, and not less than \$2,000 or more than \$40,000 for a second or subsequent offense, 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.

Fiscal Analyst: M. Tyszkiewicz