

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 4658 (Substitute H-2 as passed by the House)
House Bill 4659 (as passed by the House)
Sponsor: Representative Judith Scranton (House Bill 4658)
Representative Mary Ann Middaugh (House Bill 4659)
House Committee: Energy and Technology
Senate Committee: Technology and Energy

Date Completed: 6-8-99

CONTENT

The bills would amend the Emergency Telephone Service Enabling Act to do the following:

- Create the "CMRS Emergency Telephone Fund" to provide money to implement the Act and the wireless emergency service order of the Federal Communications Commission (FCC).
- Require cellular mobile radio service (CMRS) suppliers, until 2004, to include a monthly service charge for each CMRS connection with a billing address in this State.
- Require revenue from the service charge to be deposited in the proposed Fund.
- Provide for distribution of the Fund to CMRS suppliers for equipment costs, to counties for implementation of the FCC order, to public safety answering points (PSAPs) for training 9-1-1 personnel, and to the Department of State Police for priority issues of 9-1-1 coverage.
- Establish a subcommittee to review expenditures from the Fund.
- Recreate the Emergency Telephone Service Committee (which expired on December 31, 1998).
- Extend the duration of the Act from December 31, 2002, to December 31, 2006.

The bills are tie-barred to each other and to Senate Bills 492 and 493, which would allow entities that govern 9-1-1 districts to pledge revenue for the repayment of qualified obligations (obligations whose proceeds would benefit a 9-1-1 district); require CMRS suppliers to provide accurate database information in compliance with the FCC order; require other telephone service suppliers to provide accurate information to 9-1-1 database service providers; and establish criminal penalties for the unauthorized use of an emergency telephone service.

House Bill 4658 (H-2)

Emergency Telephone Fund

The CMRS Emergency Telephone Fund would be created in the State Treasury. The State Treasurer would have to establish restricted subaccounts within the fund for each of the categories listed in the bill (described below). The Auditor General would have to audit the Fund at least every two years.

The Department of Treasury could spend money from the Fund, upon appropriation, only as provided in the Act. Money in the Fund at the close of the fiscal year could not lapse to the General Fund.

Service Charge Collection

Until two years after the bill's effective date, a CMRS supplier or a reseller would have to include a service charge of 55 cents per month for each CMRS connection that had a billing address in this State. Beginning two years after the bill's effective date, the monthly charge would be 52 cents. The CMRS supplier or reseller would have to list the service charge as a separate line item on each bill, and identify it as the "emergency 9-1-1 charge". The service charge paid by a CMRS user would not be subject to a State or local tax.

The money collected from the service charge would have to be deposited in the proposed Fund within 30 days after the end of the quarter in which the charge was collected. From every service charge billed, however, each CMRS supplier or reseller could retain one-half of one cent to cover the costs of billing and collection. This would be the only reimbursement from the service charge for those costs.

A CMRS supplier or reseller would not be liable for an uncollected service charge for which the supplier or reseller had billed the CMRS user. If a supplier or reseller received only a partial payment, the supplier or reseller would have to credit the amount received

in the following order of priority: for services provided; for the reimbursement of billing and collection costs; and for the balance of the service charge. Amounts received for the balance would have to be forwarded to the Fund. Any uncollected portion of the charge that was not received would have to be billed on subsequent billings; upon receipt, amounts in excess of the reimbursement for billing and collection would have to be forwarded to the Fund.

A CMRS supplier or reseller would have to implement these billing provisions within 120 days after the bill's effective date. The provisions would be repealed on January 1, 2004.

Disbursement of Service Charge

Twenty-five cents of each monthly service charge collected would have to be disbursed to reimburse CMRS suppliers licensed by the FCC for providing and installing equipment that implemented the wireless emergency service order and the Act.

Ten cents of each service charge would have to be disbursed equally to each county having in place a final 9-1-1 plan that included implementing the FCC order and the Act. A county could use this money only to implement the order and the Act.

Fifteen cents of each monthly charge would have to be disbursed on a per capita basis to each county having in place a final 9-1-1 plan that included implementing the order and the Act. The Emergency Telephone Service Committee would have to certify to the Department of Treasury annually which counties had a final 9-1-1 plan in place. The most recent census conducted by the U.S. Census Bureau would have to be used to determine the population of each county in determining the per capita basis. A county could use this money only to implement the FCC order and the Act.

One and one-half cents of each charge would be available to PSAPs for training personnel assigned to 9-1-1 centers. Money would have to be disbursed to an eligible public agency or county for training PSAP personnel through courses certified by the Commission on Law Enforcement Standards only to provide either basic 9-1-1 operations training or in-service training to employees engaged in 9-1-1 service.

A county or public agency would have to make a written request to the Committee for money from the Fund. Semiannually, the Committee would have to authorize distribution of money to eligible public agencies or counties. An agency or county receiving money would have to create, maintain, and make available to the Committee upon request a detailed record of expenditures relating to the preparation,

administration, and carrying out of activities of its 9-1-1 training program. Money would have to be repaid to the Fund if it were spent by a county or a public agency for a purpose considered unnecessary or unreasonable by the Committee or the Auditor General.

Until two years after the bill's effective date, the Department of State Police would have to use three cents of each monthly service charge to fund priority issues of 9-1-1 coverage. The Department would have to prepare an annual list of projects in priority order that it recommended for funding. Each year the Legislature would have to approve these projects by law. If a project provided infrastructure or equipment for use by CMRS suppliers, the Department would have to charge a reasonable fee for the use of the infrastructure or equipment. The fee would have to be deposited in the Fund and used for the purposes described in this provision.

Money received by a county to implement the FCC order and the Act would have to be distributed by the county to the primary PSAPs geographically located within the 9-1-1 service district by one of the following methods:

- As provided in the final 9-1-1 service plan.
- According to any agreement for distribution between a county and a public agency, if the 9-1-1 service plan did not provide for distribution.
- According to the population within the geographic area for which the PSAP served as primary PSAP, if neither the 9-1-1 service plan nor agreement between the county and the public agency provided for distribution.

If a county had multiple emergency service districts, money for that county would have to be distributed in the manner required in Senate Bill 493 for distribution of the emergency telephone operational charge (i.e., as provided in the final 9-1-1 service plan; according to an agreement between the county and public agencies; or according to the distribution of access lines within the primary PSAPs).

If a county with a final 9-1-1 plan in place did not accept 9-1-1 calls through the direct dispatch method, relay method, or transfer method from a CMRS user, the revenue available to the county under these provisions would have to be disbursed to the public agency or county responsible for accepting and responding to those calls.

Beginning one year after the bill's effective date, a county would not be eligible for disbursements unless it was in compliance with the FCC order and the Act.

Review Subcommittee/Payment of Invoices

The Emergency Telephone Service Committee would have to appoint a subcommittee to review expenditures from the proposed Fund. The subcommittee would consist of the State Police representative on the Emergency Telephone Service Committee, who would be the subcommittee chairperson, and all of the following:

- The member representing a commercial mobile radio service.
- One member of the Committee who represented a public safety entity who was not associated with the service supplier industry.
- The Committee member representing the Michigan Association of Counties.
- One member appointed by the Committee chairperson who represented the CMRS industry but was not a member of the Committee.

The subcommittee chairperson would not have a vote unless the other subcommittee members cast a tie vote.

The subcommittee would have to review invoices submitted by CMRS suppliers for reimbursement from the proposed Fund in accordance with the FCC order and the Act. The subcommittee would have to make recommendations to the Emergency Telephone Service Committee regarding approval or disapproval of payment on an invoice. The subcommittee could recommend approval of payment of an expense before it was incurred. Before review by the subcommittee, the staff assigned by the Department of State Police to assist the Committee would have to remove all information that identified the CMRS supplier submitting an invoice. Upon receiving the subcommittee's recommendations, the Committee would have to review and approve or disapprove the invoices and authorize payment of those approved.

An invoice could not be approved for payment of either of the following:

- An expense that was not related to complying with the FCC order and the Act.
- An expense that exceeded 125% of the CMRS emergency telephone charges submitted by a CMRS supplier unless the subcommittee recommended the expense for approval before it was incurred.

Specific information submitted by a CMRS supplier under these provisions would be exempt from the Freedom of Information Act and could not be released by the chairperson or any member of the Committee or staff without the supplier's permission. (This would apply notwithstanding a provision of House Bill 4659 making the Committee subject to the Freedom of Information Act.) Information submitted

by CMRS suppliers could be released, however, in the aggregate if the number of CMRS users or the expenses and revenues of a supplier could not be identified.

If the total amount of invoices approved for payment exceeded the amount remaining in the Fund in any quarter, all CMRS suppliers that had submitted invoices and that were approved by the Committee to receive payment would receive a pro rata share of the money available in that quarter. Any unpaid balance would have to be carried over to the following quarter until all of the approved payments were made.

A CMRS supplier could use money from the proposed Fund for monthly recurring costs, start-up costs, and nonrecurring costs associated with the installation, service, software, and hardware necessary to comply with the FCC order and the Emergency Telephone Service Enabling Act.

Cost Study Report

The Emergency Telephone Service Committee would have to conduct and complete a cost study and make a report on the service charge by April 20, 2000, and August 30 annually after 2000. The report would have to include at least all of the following:

- The extent of emergency telephone service implementation in Michigan by CMRS suppliers under the FCC order and the Act.
- The actual costs incurred by PSAPs and CMRS suppliers in complying with the order and the Act.
- The service charge and a recommendation to change its amount if needed to fund the costs of meeting the time frames in the FCC order and the Act.
- A description of any commercial applications developed as a result of implementing the Act.
- A detailed record of expenditures by each county relating to the implementation of the FCC order and the Act.

The Committee would have to deliver the report to the Secretary of the Senate, the Clerk of the House, and the standing committees of the Senate and the House having jurisdiction over issues pertaining to telecommunication technology. Upon receiving the report, the Legislature would have to consider its findings and determine whether an adjustment to the fee was necessary.

House Bill 4659

The bill would create an Emergency Telephone Service Committee in the Department of State Police to develop Statewide standards and model system considerations, and make other recommendations for

emergency telephone services. The Department of State Police and the Public Service Commission would have to provide staff assistance to the Committee as necessary to carry out its duties.

The 21-member Committee would consist of the following (or the designee of an ex officio member):

- The Director of the Department of State Police.
- The Director of the Department of Consumer and Industry Services.
- The chair of the Public Service Commission.
- The president of the Michigan Sheriffs' Association.
- The president of the Michigan Association of Chiefs of Police.
- The president of the Michigan Fire Chiefs Association.
- The executive director of the Michigan Association of Counties.
- The executive director of the Deputy Sheriffs Association of Michigan.
- The executive director of the Michigan Fraternal Order of Police.
- The president of the Michigan State Police Troopers Association.
- The president of the Michigan Chapter of the Associated Public Safety Communications Officers.
- The president of the Michigan Chapter of the National Emergency Number Association.
- The president of the Telecommunications Association of Michigan.
- The executive director of the Upper Peninsula Emergency Medical Services Corporation.
- The executive director of the Michigan Association of Ambulance Services.
- The president of the Michigan State Firefighters Union.
- The president of the Michigan Communications Directors Association.
- One representative of commercial mobile radio service, to be appointed by the Governor.
- Three members of the general public, one appointed by the Governor, one by the Speaker of the House of Representatives, and one by the Senate Majority Leader.

These members of the general public would have to have expertise relating to telephone systems, rural health care concerns, or emergency radio communications, dispatching, and services. They would serve for two-year terms.

The Committee would have to elect one of its members who was not a member of the wireline or commercial mobile radio service industry to serve as chairperson, for a one-year term. The Committee could adopt, amend, and rescind bylaws, rules, and regulations for conducting its business. The

Committee would be subject to the Open Meetings Act and the Freedom of Information Act. Committee members would have to serve without compensation but would be entitled to actual and necessary expenses incurred in the performance of official duties.

The Committee would be required to do all of the following:

- Organize and adopt standards governing its formal and informal procedures.
- Meet at least four times yearly.
- Keep a record of its proceedings and activities.
- Provide recommendations to public safety answering points and secondary PSAPs on Statewide technical and operational standards for them.
- Provide recommendations to public agencies concerning model systems to be considered in preparing a 9-1-1 service plan.
- Perform other duties as necessary to promote successful development, implementation, and operation of 9-1-1 systems across the State.

MCL 484.1201 et al. (H.B. 4658)
Proposed MCL 484.1711-484.1717

Legislative Analyst: S. Lowe

FISCAL IMPACT

The bills would have a fiscal impact on counties, the State, and the cellular mobile radio service (CMRS) industry. House Bill 4658 (H-2) would establish a 55-cent per month service charge for each CMRS connection in the State and create a Fund from which this revenue would be disbursed. Based upon Department of State Police estimates, \$15.3 million per year in service charge revenue would be generated. Under the bill, annual disbursements from the Fund would be as follows:

Wireless Collection & Billing	\$139,500
Industry Needs for Conversion	6,975,000
County/Public Safety	
Answering Points	6,975,000
Training Fund	418,500
9-1-1 Priority Issue Funding	<u>8,37,000</u>
Total Collected Annually	\$15,345,000

Fiscal Analyst: B. 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.