

SENATE BILL NO. 493

(As amended May 19, 1999)

April 13, 1999, Introduced by Senators GOSCHKA and
VAN REGENMORTER and referred to the Committee on
Technology and Energy.

A bill to amend 1986 PA 32, entitled
"Emergency telephone service enabling act,"
by amending sections 401, 403, 404, 405, 406, and 505 (MCL
484.1401, 484.1403, 484.1404, 484.1405, 484.1406, and 484.1505),
sections 401, 403, and 405 as amended and section 406 as added by
1994 PA 29.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 401. (1) AN EMERGENCY TELEPHONE DISTRICT BOARD, A
2 9-1-1 SERVICE DISTRICT AS DEFINED IN SECTION 102 AND CREATED PUR-
3 SUANT TO SECTION 201B, OR A COUNTY ON BEHALF OF A 9-1-1 SERVICE
4 AREA CREATED BY THE COUNTY MAY ENTER INTO AN AGREEMENT WITH A
5 PUBLIC AGENCY THAT DOES EITHER OF THE FOLLOWING:

1 (A) GRANTS A SPECIFIC PLEDGE OR ASSIGNMENT OF A LIEN ON OR A
2 SECURITY INTEREST IN ANY MONEY RECEIVED BY A 9-1-1 SERVICE
3 DISTRICT FOR THE BENEFIT OF QUALIFIED OBLIGATIONS.

4 (B) PROVIDES FOR PAYMENT DIRECTLY TO THE PUBLIC ENTITY ISSU-
5 ING QUALIFIED OBLIGATIONS OF A PORTION OF THE EMERGENCY TELEPHONE
6 OPERATIONAL CHARGE SUFFICIENT TO PAY WHEN DUE PRINCIPAL OF AND
7 INTEREST ON QUALIFIED OBLIGATIONS.

8 (2) A PLEDGE, ASSIGNMENT, LIEN, OR SECURITY INTEREST FOR THE
9 BENEFIT OF QUALIFIED OBLIGATIONS IS VALID AND BINDING FROM THE
10 TIME THE QUALIFIED OBLIGATIONS ARE ISSUED WITHOUT A PHYSICAL
11 DELIVERY OR FURTHER ACT. A PLEDGE, ASSIGNMENT, LIEN, OR SECURITY
12 INTEREST IS VALID AND BINDING AND HAS PRIORITY OVER ANY OTHER
13 CLAIM AGAINST THE EMERGENCY TELEPHONE DISTRICT BOARD, THE 9-1-1
14 SERVICE DISTRICT, OR ANY OTHER PERSON WITH OR WITHOUT NOTICE OF
15 THE PLEDGE, ASSIGNMENT, LIEN, OR SECURITY INTEREST.

16 (3) ~~(1) Each~~ EXCEPT AS PROVIDED IN SECTIONS 407 TO 412,
17 EACH service supplier within a 9-1-1 service district shall pro-
18 vide a billing and collection service for an emergency telephone
19 technical charge and emergency telephone operational charge from
20 all service users of the service supplier within the geographical
21 boundaries of the emergency telephone or 9-1-1 service district.
22 The billing and collection of the emergency telephone operational
23 charge and that portion of the technical charge used for billing
24 cost shall begin as soon as feasible after the final 9-1-1 serv-
25 ice plan has been approved. The billing and collection of the
26 emergency telephone technical charge not already collected for
27 billing costs shall begin as soon as feasible after installation

1 and operation of the 9-1-1 system. The emergency telephone
2 technical charge and emergency telephone operational charge shall
3 be uniform per each exchange access facility within the 9-1-1
4 service district. The portion of the emergency telephone techni-
5 cal charge that represents start-up costs, nonrecurring billing,
6 installation, service, and equipment charges of the service sup-
7 plier, including the costs of updating equipment necessary for
8 conversion to 9-1-1 service, shall be amortized at the prime rate
9 plus 1% over a period not to exceed 10 years and shall be billed
10 and collected from all service users only until those amounts are
11 fully recouped by the service supplier. The prime rate to be
12 used for amortization shall be set before the first assessment of
13 nonrecurring charges and remain at that rate for 5 years, at
14 which time a new rate may be set for the remaining amortization
15 period. Recurring costs and charges included in the emergency
16 telephone technical charge and emergency telephone operational
17 charge shall continue to be billed to the service user.

18 (4) ~~(2) Subject~~ EXCEPT AS PROVIDED IN SECTIONS 407 TO 412
19 AND SUBJECT to the limitation provided by this section, the
20 amount of the emergency telephone technical charge and emergency
21 telephone operational charge to be billed to the service user
22 shall be computed by dividing the total emergency telephone tech-
23 nical charge and emergency telephone operational charge by the
24 number of exchange access facilities within the 9-1-1 service
25 district.

26 (5) ~~(3)~~ Except as provided in subsection ~~(5)~~ (7) AND
27 SECTIONS 407 TO 412, the amount of emergency telephone technical

1 charge payable monthly by a service user for recurring costs and
2 charges shall not exceed 2% of the ~~highest monthly flat rate~~
3 ~~charged by a service supplier for a 1-party access line~~ LESSER
4 OF \$20.00 OR THE HIGHEST MONTHLY RATE CHARGED BY THE SERVICE SUP-
5 PLIER FOR BASIC LOCAL EXCHANGE SERVICE PURSUANT TO SECTION 304B
6 OF THE MICHIGAN TELECOMMUNICATIONS ACT, 1991 PA 179, MCL
7 484.2304B, within the 9-1-1 service district. The amount of
8 emergency telephone technical charge payable monthly by a service
9 user for nonrecurring costs and charges shall not exceed 5% of
10 the ~~highest monthly flat rate charged by the service supplier~~
11 ~~for a 1-party access line~~ LESSER OF \$20.00 OR THE HIGHEST
12 MONTHLY RATE CHARGED BY THE SERVICE SUPPLIER FOR BASIC LOCAL
13 EXCHANGE SERVICE PURSUANT TO SECTION 304B OF THE MICHIGAN TELE-
14 COMMUNICATIONS ACT, 1991 PA 179, MCL 484.2304B, within the 9-1-1
15 service district. With the approval of the county board of com-
16 missioners, a county may assess an amount for recurring emergency
17 telephone operational costs and charges that shall not exceed 4%
18 of the ~~highest monthly flat rate charged by a service supplier~~
19 ~~for a 1-party access line~~ LESSER OF \$20.00 OR THE HIGHEST
20 MONTHLY RATE CHARGED BY THE SERVICE SUPPLIER FOR BASIC LOCAL
21 EXCHANGE SERVICE PURSUANT TO SECTION 304B OF THE MICHIGAN TELE-
22 COMMUNICATIONS ACT, 1991 PA 179, MCL 484.2304B, within the geo-
23 graphical boundaries of the assessing county. The percentage to
24 be set for the emergency telephone operational charge shall be
25 established by the county board of commissioners pursuant to
26 section 312. A CHANGE TO THE PERCENTAGE SET FOR THE EMERGENCY
27 TELEPHONE OPERATIONAL CHARGE MAY BE MADE ONLY BY THE COUNTY BOARD

1 OF COMMISSIONERS. The difference, if any, between the amount of
2 the emergency telephone technical charge computed under subsec-
3 tion ~~(2)~~ (4) and the maximum permitted under this section shall
4 be paid by the county from funds available to the county or
5 through cooperative arrangements with public agencies within the
6 9-1-1 service district.

7 (6) ~~(4) The~~ EXCEPT AS PROVIDED IN SECTIONS 407 TO 412, THE
8 emergency telephone technical charge and emergency telephone
9 operational charge shall be collected in accordance with the reg-
10 ular billings of the service supplier. The amount collected for
11 emergency telephone operational charge shall be paid by the serv-
12 ice supplier to the county that authorized the collection. The
13 emergency telephone technical charge and emergency telephone
14 operational charge payable by service users pursuant to this act
15 shall be added to and shall be stated separately in the billings
16 to service users.

17 (7) ~~(5) For~~ EXCEPT AS PROVIDED IN SECTIONS 407 TO 412, FOR
18 a 9-1-1 service district created or enhanced after June 27, 1991,
19 the amount of emergency telephone technical charge payable
20 monthly by a service user for recurring costs and charges shall
21 not exceed 4% of the ~~highest monthly flat rate charged by the~~
22 ~~service supplier for a 1 party access line~~ LESSER OF \$20.00 OR
23 THE HIGHEST MONTHLY RATE CHARGED BY THE SERVICE SUPPLIER FOR
24 BASIC LOCAL EXCHANGE SERVICE PURSUANT TO SECTION 304B OF THE
25 MICHIGAN TELECOMMUNICATIONS ACT, 1991 PA 179, MCL 484.2304B,
26 within the 9-1-1 service district.

1 (8) ~~-(6) A~~ EXCEPT AS PROVIDED IN SECTIONS 407 TO 412, A
2 county may, with the approval of the voters in the county, assess
3 up to 16% of the ~~highest monthly flat rate charged by a service~~
4 ~~supplier for a 1-party access line~~ LESSER OF \$20.00 OR THE HIGH-
5 EST MONTHLY RATE CHARGED BY THE SERVICE SUPPLIER FOR BASIC LOCAL
6 EXCHANGE SERVICE PURSUANT TO SECTION 304B OF THE MICHIGAN TELE-
7 COMMUNICATIONS ACT, 1991 PA 179, MCL 484.2304B, within the geo-
8 graphical boundaries of the assessing county or assess a millage
9 or combination of the 2 to cover emergency telephone operational
10 costs. In a ballot question under this subsection, the board of
11 commissioners shall specifically identify how the collected money
12 is to be distributed. An affirmative vote on a ballot question
13 under this subsection shall be considered an amendment to the
14 9-1-1 service plan pursuant to section 312. Not more than 1
15 ballot question under this subsection may be submitted to the
16 voters within any 12-month period. ~~and an~~ AN assessment
17 approved under this subsection shall be for a period not greater
18 than 5 years.

19 (9) THE TOTAL EMERGENCY TELEPHONE OPERATIONAL CHARGE AS PRE-
20 SCRIBED IN SUBSECTIONS (5) AND (8) SHALL NOT EXCEED 20% OF THE
21 LESSER OF \$20.00 OR THE HIGHEST MONTHLY FLAT RATE CHARGED FOR
22 BASIC SERVICE BY A SERVICE SUPPLIER FOR A 1-PARTY ACCESS LINE.

23 (10) ~~-(7) If~~ EXCEPT AS PROVIDED IN SECTIONS 407 TO 412, IF
24 the voters approve the charge to be assessed on the service
25 user's telephone bill on a ballot question under subsection ~~-(6)-~~
26 (8), the service provider's bill shall state the following:

1 "This amount is for your 9-1-1 service which has been
2 approved by the voters on (DATE OF VOTER APPROVAL). This is not
3 a charge assessed by your telephone carrier. If you have ques-
4 tions concerning your 9-1-1 service, you may call (INCLUDE
5 APPROPRIATE TELEPHONE NUMBER)."

6 (11) ~~-(8) An~~ EXCEPT AS PROVIDED IN SECTIONS 407 TO 412, AN
7 annual accounting shall be made of the emergency telephone oper-
8 ational charge approved pursuant to this ~~amendatory~~ act in the
9 same manner as the annual accounting required by section 405.

10 (12) ~~-(9)~~ Except as otherwise provided in subsection ~~-(10)~~
11 (13), OR AS PROVIDED IN SECTIONS 407 TO 412, ~~operational funds~~
12 THE EMERGENCY TELEPHONE OPERATIONAL CHARGE collected pursuant to
13 this section shall be distributed by the county or the counties
14 to the primary PSAPs by 1 of the following methods:

15 (a) As provided in the final 9-1-1 service plan.

16 (b) If distribution is not provided for in the plan, then
17 according to any agreement for distribution between the county
18 and public agencies.

19 (c) If distribution is not provided in the plan or by agree-
20 ment, then according to the distribution of access lines within
21 the primary PSAPs.

22 (13) ~~-(10) If~~ EXCEPT AS PROVIDED IN SECTIONS 407 TO 412, IF
23 a county had multiple emergency telephone districts before the
24 effective date of the amendatory act that added this subsection,
25 then the ~~operational funds~~ EMERGENCY TELEPHONE OPERATIONAL
CHARGE collected pursuant to this section

1 shall be distributed in proportion to the amount of access lines
2 within the primary ~~PSAPS~~ PSAPS.

3 (14) ~~(11) This~~ EXCEPT AS PROVIDED IN SECTIONS 407 TO 412,
4 THIS section shall not preclude the distribution of funding to
5 secondary PSAPs if the distribution is determined by the primary
6 PSAPs within the emergency telephone district to be the most
7 effective method for dispatching of fire or emergency medical
8 services and the distribution is approved within the final 9-1-1
9 service plan.

10 (15) NOTWITHSTANDING ANY OTHER PROVISION OF THIS ACT, THE
11 EMERGENCY TELEPHONE TECHNICAL CHARGE AND THE EMERGENCY TELEPHONE
12 OPERATIONAL CHARGE SHALL NOT BE LEVIED OR COLLECTED AFTER
13 DECEMBER 31, 2006. HOWEVER, IF ALL OR A PORTION OF THE EMERGENCY
14 TELEPHONE OPERATIONAL CHARGE HAS BEEN PLEDGED AS SECURITY FOR THE
15 PAYMENT OF QUALIFIED OBLIGATIONS, THE EMERGENCY TELEPHONE OPER-
16 ATIONAL CHARGE SHALL BE LEVIED AND COLLECTED ONLY TO THE EXTENT
17 REQUIRED TO PAY THE QUALIFIED OBLIGATIONS OR SATISFY THE PLEDGE.

18 Sec. 403. ~~Each~~ EXCEPT AS PROVIDED IN SECTIONS 407 TO 412,
19 EACH service supplier shall be solely responsible for the billing
20 for the emergency ~~technical and operational~~ telephone charge
21 and the transmittal of ~~funds~~ MONEY collected from THE EMERGENCY
22 TELEPHONE operational ~~charges~~ CHARGE.

23 Sec. 404. After commencement of collection of the emergency
24 telephone charge within a particular 9-1-1 service district, a
25 service supplier providing or designated to provide 9-1-1 service
26 pursuant to this act shall not alter the emergency telephone

1 charge collected from service users within the 9-1-1 service
2 district pursuant to this act except as follows:

3 (a) As provided in ~~section~~ SECTIONS 405 AND 407 TO 412.

4 (b) Subject to the limitations provided by section ~~401(2)~~
5 401(4), if additions or withdrawals of PSAPs or secondary PSAPs
6 are made to the 9-1-1 service within a 9-1-1 service district
7 pursuant to this act, the emergency telephone charge shall be
8 increased or decreased in an amount such that the total emergency
9 telephone charges to be collected in such billing period and in
10 each billing period thereafter shall equal the total cost of pro-
11 viding 9-1-1 service within the 9-1-1 service district based on
12 the rates and charges of the service supplier.

13 (c) Subject to the limitations provided by section ~~401(2)~~
14 401(4), if a public agency is added to or withdraws from a 9-1-1
15 service district pursuant to this act, the emergency telephone
16 charge shall be increased or decreased within the jurisdiction of
17 the particular public agency in an amount such that the total
18 emergency telephone charges to be collected in such billing
19 period and in each billing period thereafter shall equal the
20 total cost of providing 9-1-1 service within the modified 9-1-1
21 service district based on the rates and charges of the service
22 supplier.

23 Sec. 405. (1) ~~Within~~ EXCEPT AS PROVIDED IN SECTIONS 407
24 TO 412, WITHIN 90 days after the first day of the calendar year
25 following the year in which a service supplier commenced collec-
26 tion of the emergency telephone charge pursuant to section 401,
27 and within 90 days after the first day of each calendar year

1 thereafter, a service supplier providing 9-1-1 service pursuant
2 to this act shall make an annual accounting to the 9-1-1 service
3 district of the total emergency telephone charges collected
4 during the immediately preceding calendar year.

5 (2) If an annual accounting made pursuant to subsection (1)
6 discloses that the total emergency telephone TECHNICAL charges
7 collected during the immediately preceding calendar year exceeded
8 the total cost of installing and providing 9-1-1 service within
9 the 9-1-1 service district for the immediately preceding calendar
10 year according to the rates and charges of the service supplier,
11 the service supplier shall adjust the emergency telephone
12 TECHNICAL charge collected from service users in the 9-1-1 serv-
13 ice district in an amount computed pursuant to this section. The
14 amount of the adjustment shall be computed by dividing the excess
15 by the number of exchange access facilities within the 9-1-1
16 service district as the district existed for the billing period
17 immediately following the annual accounting. Costs of the serv-
18 ice supplier associated with making the adjustment under this
19 subsection as part of the billing and collection service shall be
20 deducted from the amount to be adjusted.

21 (3) If the annual accounting discloses that the total emer-
22 gency telephone charges collected during the calendar year are
23 less than the total cost of installing and providing 9-1-1 serv-
24 ice within the 9-1-1 service district for the immediately preced-
25 ing calendar year according to the costs and rates of the service
26 supplier, the service supplier shall collect an additional charge
27 from service users in the 9-1-1 service district in an amount

1 computed pursuant to this section. Subject to the limitations
2 provided by section ~~401(2)~~ 401(4), the amount of the additional
3 charge shall be computed by dividing the amount by which the
4 total cost exceeded the total emergency telephone charges col-
5 lected during the immediately preceding calendar year by the
6 number of exchange access facilities within the 9-1-1 service
7 district as the district existed for the billing period immedi-
8 ately following the annual accounting.

9 Sec. 406. (1) ~~Operational~~ EXCEPT AS PROVIDED IN SECTIONS
10 407 TO 412, THE EMERGENCY TELEPHONE OPERATIONAL charge funds col-
11 lected and expended pursuant to this act shall be used exclu-
12 sively for the operation of the 9-1-1 system.

13 (2) Each PSAP or secondary PSAP shall assure that fund
14 accounting, auditing, monitoring, and evaluation procedures are
15 provided. The accounting procedures shall provide for accurate
16 and timely recording of receipt and disbursement of funds by
17 source.

18 (3) An annual audit shall be conducted by an independent
19 auditor using generally accepted accounting principles and copies
20 of the annual audit shall be made available for public
21 inspection.

22 (4) An increase in 9-1-1 OPERATIONAL funds shall not be
23 authorized or expended for the next fiscal year unless an annual
24 audit has been performed for the previous fiscal year and expen-
25 ditures are in compliance with this act. Except as provided in
26 subsection (5), the PSAP shall continue to operate at the same

1 funding level as the previous fiscal year until an audit is
2 performed as required by this section.

3 (5) The recurring emergency telephone ~~operating charges~~
4 OPERATIONAL CHARGE authorized under section 401 shall not be
5 expended if an audit has not been performed as required by this
6 section within 120 days of the end of the fiscal year.

7 Sec. 505. (1) After installation and commencement of opera-
8 tion of a 9-1-1 system implemented pursuant to this act, a public
9 agency all or part of which is included within a 9-1-1 service
10 district may withdraw all or part of its jurisdiction from a
11 9-1-1 service district effective January 1 of the following year
12 if all of the following occur:

13 (a) The public agency, after giving notice required in sub-
14 divisions (b) and (c), conducts a public hearing on the with-
15 drawal at which all persons attending are afforded a reasonable
16 opportunity to be heard.

17 (b) Written notice of the time, date, and place of the
18 public hearing conducted by the public agency is given to the
19 county clerk and the clerk of each public agency within the 9-1-1
20 service district, at least 30 days prior to the date of the
21 hearing.

22 (c) Notice of the time, date, place, and purpose of the
23 public hearing is published twice in a newspaper of general cir-
24 culation within the public agency, the first publication of the
25 notice occurring at least 30 days prior to the date of the
26 hearing.

1 (d) After the public hearing on withdrawal but prior to 90
2 days before the end of the calendar year, the legislative body of
3 the public agency adopts a resolution withdrawing all or part of
4 the area of the public agency from the 9-1-1 service district.
5 Such resolution shall describe the area of the public agency
6 withdrawing from the 9-1-1 service district. The resolution
7 shall also state the emergency telephone number to be used within
8 the jurisdiction of the public agency following withdrawal from
9 the 9-1-1 service district.

10 (e) Within 5 days after adoption of the resolution by the
11 legislative body of the public agency, the clerk or other appro-
12 priate official of the public agency shall forward such resolu-
13 tion by certified mail, return receipt requested, to the county
14 clerk. Within 5 days of receipt of a certified copy of the reso-
15 lution adopted pursuant to this section, the county clerk shall
16 forward such resolution by certified mail, return receipt
17 requested, to the service suppliers providing or designated to
18 provide 9-1-1 service to the area of the public agency withdraw-
19 ing from the 9-1-1 service district.

20 (2) A PUBLIC SERVICE AGENCY MAY NOT WITHDRAW ANY PART OF ITS
21 JURISDICTION FROM A 9-1-1 SERVICE DISTRICT UNTIL ALL OUTSTANDING
22 QUALIFIED OBLIGATIONS SECURED BY EMERGENCY TELEPHONE OPERATIONAL
23 CHARGES INCURRED AFTER THE TIME OF THE ADDITION OF THE PUBLIC
24 SERVICE AGENCY TO THE 9-1-1 SERVICE AREA AGREED TO BY THE WITH-
25 DRAWING PUBLIC SERVICE AGENCY AND THE REMAINING PUBLIC SERVICE
26 AGENCIES COMPRISING THE 9-1-1 SERVICE DISTRICT ARE PAID OR OTHER
27 PROVISIONS ARE MADE TO PAY THE QUALIFIED OBLIGATIONS.

1 Enacting section 1. This amendatory act does not take
2 effect unless all of the following bills of the 90th Legislature
3 are enacted into law:

4 (a) Senate Bill No. _____ or House Bill No. _____ (request
5 no. 01317'99).

6 (b) Senate Bill No. _____ or House Bill No. _____ (request
7 no. 01318'99).

8 (c) Senate Bill No. 492.

9