



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



BILL ANALYSIS

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

House Bill 4187 (Substitute H-2 as reported without amendment)  
Sponsor: Representative Glenn S. Anderson  
House Committee: Energy and Technology  
Senate Committee: Technology and Energy

Date Completed: 5-21-04

### **RATIONALE**

Several years ago, in response to complaints from consumers that they were charged outrageous rates for long distance calls made from pay telephones, the Federal Communications Commission (FCC) issued an order requiring operator service providers (OSPs) to identify themselves and provide a method by which a user may receive a rate quote before connecting the call. The user then has the option of disconnecting the call without incurring any charges. The FCC order, however, applies only to interstate calls. It has been suggested that customers making intrastate calls from payphones also should be able to get a rate quote before deciding whether to continue the call.

### **CONTENT**

**The bill would amend the Michigan Telecommunications Act to require the operator or service provider that owned or operated a payphone or contracted to provide toll service for the payphone provider to disclose, at no charge, audibly and distinctly, how the consumer could receive a rate quote, before connecting the call.**

To receive a rate quote, the consumer would have to have the option of either pressing a sequence of up to two keys or staying on the line for assistance. The consumer could not be assessed any charge for the use of the payphone or toll service if he or she terminated the call after receiving the rate quote.

The bill specifies that its requirements would not apply to calls made by a consumer using

his or her toll provider of choice by dialing the provider's access method.

The bill would define "consumer" as a person initiating a telephone call using an operator service. In collect calling arrangements handled by an OSP, the term would include the party on the terminating end of the call. For bill-to-third party calling arrangements handled by an OSP, the term would include the party to be billed for the call if the OSP contacted that party for billing approval.

Proposed MCL 484.3212c

### **ARGUMENTS**

*(Please note: The arguments contained in this analysis originate from sources outside the Senate Fiscal Agency. The Senate Fiscal Agency neither supports nor opposes legislation.)*

#### **Supporting Argument**

Payphone rates can vary widely between OSPs. According to the Michigan Public Service Commission, an OSP may assess charges up to 300% higher than the State's average rate for operator or long distance services. Since OSPs already have a mechanism in place to provide rate quotes for interstate calls, it should be easy for them also to provide rate quotes for intrastate calls. The bill would allow a consumer to make an informed choice before connecting a call, and also would discourage bad actors who charge excessive rates from continuing to operate in the pay telephone industry.

Legislative Analyst: Julie Koval

## **FISCAL IMPACT**

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: Maria Tyszkiewicz

H0304\s4187a

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.