

Legislative Analysis



CMRS FUND: DISTRIBUTION TO SBA DEBT SERVICE

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Senate Bill 960

Sponsor: Sen. Michael Switalski

House Committee: Appropriations

Senate Committee: Appropriations

SUMMARY OF SENATE BILL 960 AS PASSED BY THE SENATE 2-15-06:

The bill would amend section 408 of the Emergency Telephone Enabling Act (MCL 484.1408) to appropriate \$15 million from the Commercial Mobile Radio Service (CMRS) Fund to finance State Building Authority (SBA) debt service obligations for the Michigan Public Safety Communications System. This appropriation helps implement the FY 2005-06 Budget Leadership Agreement. The bill authorizes a one-time \$15 million distribution from the CMRS Fund. The FY 2005-06 General Government appropriation bill (PA 146 of 2005) already reflects the anticipated CMRS Fund distribution to the SBA.

BACKGROUND INFORMATION:

The Commercial Mobile Radio Service (CMRS) Fund is a state restricted revenue fund established by Public Act 78 of 1999 to implement wireless emergency service. The CMRS suppliers are required to charge a \$.52 per month service charge (reduced to \$.29 per month on January 1, 2006) for each CMRS connection with a Michigan billing address. The fund balance does not lapse to the general fund. The fee is scheduled to sunset on December 31, 2006.

The CMRS Fund's monthly service charge is distributed as follows:

- County Payments: Counties receive 25 cents to implement the wireless emergency program (\$20.1 million in FY 2004-05).
- Public Safety Answering Points (PAPS): The Dispatcher Training Fund receives 1.5 cents which is disbursed for the training of PSAP personnel at 9-1-1 centers (\$968,000 in FY 2004-05).
- State Police: The Michigan State Police Department receives up to 1 cent for administration or operating costs of a regional 9-1-1 dispatch center (\$711,000 in FY 2004-05).
- Supplier Collection Costs: Suppliers receive 0.5 cent for billing and collection.
- Supplier Implementation Costs: Suppliers receive the balance of the fee, approximately 1 cent, for the costs of providing wireless emergency service (Prior to the January 1, 2006 service fee reduction, suppliers received 24 cents).

FISCAL IMPACT:

The CMRS monthly service charge generated \$30 million in FY 2004-05. This bill would transfer \$15 million from the supplier component of the CMRS Fund. There is

currently a balance of approximately \$32 million in the supplier category of the CMRS Fund with \$13.7 million appropriated for expenditures. The transfer would leave a sufficient balance to meet CMRS Fund obligations.

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