



Senate Fiscal Agency  
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**BILL ANALYSIS**

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Senate Bills 410 and 411 (as introduced 4-18-07)  
Sponsor: Senator Cameron S. Brown (S.B. 410)  
Senator Raymond E. Basham (S.B. 411)  
Committee: Energy Policy and Public Utilities

Date Completed: 5-3-07

**CONTENT**

**Senate Bill 410** would amend the Emergency Telephone Service Enabling Act to do the following:

- Change the name of the Act to the "Emergency 9-1-1 Service Enabling Act".
- Refer to "emergency 9-1-1 service", rather than "emergency telephone service".
- Prohibit an emergency 9-1-1 service system from being implemented except as provided under the Act.
- Require each service supplier in the State to give each of its service users access to the 9-1-1 system.
- Require, rather than permit, a board of county commissioners to modify an existing 9-1-1 service or the scope or method of financing it.
- Establish a December 31, 2007, sunset on provisions related to the emergency telephone technical charge and the emergency telephone operational charge.
- Establish a monthly 25-cent State 9-1-1 charge effective January 1, 2008, in place of the technical charge, and provide for adjustments to it.
- Require each service supplier to provide a billing and collection service for the State 9-1-1 charge.
- Require the amount collected from the State 9-1-1 charge to be deposited in the "Emergency 9-1-1 Fund" (currently the CMRS Emergency Telephone Fund).
- Allow a county board of commissioners, beginning January 1, 2008, to assess a county 9-1-1 charge by resolution, millage, or with

voter approval; and refer to this charge, rather than the emergency telephone operational charge.

- Allow a service supplier to retain 2% of the county 9-1-1 charge to cover the cost of billing and collections.
- Beginning January 1, 2008, require each CMRS supplier or reseller to collect an emergency 9-1-1 charge from each of its prepaid customers, and require the money to be deposited in the Emergency 9-1-1 Fund.
- Require the Emergency 9-1-1 Service Committee (currently the Emergency Telephone Service Committee) to establish the amount of the charge annually.

**Senate Bill 411** would amend the Act to do the following:

- Delay the Act's sunset from December 31, 2007, until December 31, 2011.
- Prohibit a service supplier from altering the State or county 9-1-1 charge except as provided in the Act.
- Require the Emergency 9-1-1 Service Committee to promulgate rules requiring each facility with a multiline telephone system to install by December 31, 2011, equipment and software to provide specific location information of a 9-1-1 call.
- Require the Committee to promulgate rules establishing the standard for county certification of the receipt and expenditures of 9-1-1 funds.

- **Eliminate a requirement that Fund money be appropriated in order for the Department of Treasury to spend it.**
- **Delete a requirement that a CMRS supplier or reseller impose a monthly service charge of 52 cents for each Michigan CMRS connection.**
- **Beginning January 1, 2008, require all service suppliers to include a monthly State 9-1-1 service charge (as established under Senate Bill 410) on service users' bills.**
- **Delete provisions allowing a CMRS supplier to seek reimbursement from the Fund for the costs of implementing the Wireless Emergency Service Order and the Act.**
- **Allow a service supplier to retain 2% of the State 9-1-1 charge for the costs of billing and collection.**
- **Delete a provision allowing a CMRS supplier or reseller to retain half of one cent of each service charge to cover billing and collection costs.**
- **Revise the distribution of money from the Emergency 9-1-1 Fund, and earmark funds to study the feasibility and capital outlay of an IP-based 9-1-1 system.**
- **Require the Committee to promulgate rules establishing training standards for 9-1-1 personnel.**
- **Delete provisions rendering a county that was not compliant with the Order by specified deadlines ineligible to receive disbursements from the Fund.**
- **Require a subcommittee of the Committee to review expenditures for common network costs of the statewide 9-1-1 system, and revise the subcommittee's membership.**
- **Require the Committee to report to the Legislature annually on the 9-1-1 system in Michigan and the State and county 9-1-1 charges.**
- **Require the Committee to develop an informal process for resolving disputes arising from the formulation and/or implementation of a 9-1-1 service plan.**
- **Increase the criminal penalties for improper use of an emergency 9-1-1 service.**

The bills are tie-barred to each other. They are described below in further detail.

## **Senate Bill 410**

### **Emergency 9-1-1 Service System**

Currently, except as otherwise provided, a universal emergency number service system may not be implemented under the Act unless a tariff exists for each service supplier designated by the final 9-1-1 service plan to provide 9-1-1 service in the universal emergency number system. The bill instead would prohibit an emergency 9-1-1 service system from being implemented except as provided under the Act.

("Service supplier" currently means a person providing a telephone service or commercial mobile radio service (CMRS) to a service user in Michigan. Under the bill, the term would mean a person providing a communication service to a service user in Michigan. "Communication service" would mean a service capable of gaining access to, connecting with, or interfacing with a 9-1-1 system by dialing, initializing, or otherwise activating the 9-1-1 system through the numerals 9-1-1 by means of a local telephone device, cellular telephone device, wireless communication device, voice over the internet device, or any other means.

"Service user" currently means an exchange access facility or CMRS service customer of a service supplier within a 9-1-1 system. Under the bill, the term would mean a person receiving a communication service. "Exchange access facility" currently means the access from a particular service user's premises to the telephone system, including service supplier provided access lines, PBX trunks, and Centrex line trunk equivalents, all as defined by tariffs of the service suppliers as approved by the Public Service Commission (PSC). The term does not include telephone pay station lines or WATS, FX, or incoming only lines. The bill would refer to a communication service, rather than telephone system.)

The bill would authorize one or more counties to create an emergency 9-1-1 service system under the Act. Also, in a county with a population of at least 2.0 million, with the approval of the county board of commissioners, four or more cities could create an emergency 9-1-1 service under the Act. (Senate Bill 411 would repeal similar existing provisions.) (A 9-1-1 service district or emergency telephone district is the area in which 9-1-1 service is

provided or is planned to be provided to service users under a 9-1-1 system implemented under the Act. The bill would refer to an emergency 9-1-1 district, rather than an emergency telephone district.)

The bill would require each service supplier in the State to give each of its service users access to the 9-1-1 system. Each service supplier also would have to give the Emergency 9-1-1 Service Committee contact information to allow for notifications as required under the Act.

#### Modification

Currently, if all or part of a county is operating an existing emergency telephone service, the county board of commissioners may modify the existing service or alter the scope or method of financing of 9-1-1 service within all or part of the county by establishing an emergency telephone district and causing 9-1-1 service to be implemented within the district under the Act. The bill would require, rather than permit, the board to modify the existing service or scope or method of financing.

#### Tentative & Final 9-1-1 Service Plans

Under the Act, the clerk of each county that has adopted a tentative 9-1-1 service plan must give notice by publication of a required hearing on the final service plan. The notice must be published twice in a newspaper of general circulation within the county, the first publication occurring at least 30 days before the hearing. The notice must include specified information, including that if the county board of commissioners, after a hearing, adopts the final 9-1-1 service plan, an emergency telephone technical charge and, if approved, an emergency telephone operational charge will be collected on a uniform basis from all service users within the 9-1-1 service district. The bill would refer to the State 9-1-1 charge and a county 9-1-1 charge, rather than an emergency telephone technical charge and an emergency telephone operational charge, respectively.

Under the Act, after a final 9-1-1 service plan has been adopted, a county may amend it only by complying with specific procedures. Upon a county board of commissioner's adoption of an amended final plan, the county must forward the plan to the service supplier or suppliers

designated to provide 9-1-1 service within the service district as amended. Upon receiving the amended final plan, each designated service supplier must implement as soon as feasible the amendments to the final service plan in the service district as amended.

Under the bill, a county board of commissioners also could, by resolution, make minor amendments to the final 9-1-1 service plan for any of the following:

- Changes in PSAP premises equipment, including computer-aided dispatch systems, call processing equipment, and computer mapping.
- Changes involving the participating public safety agencies within a 9-1-1 service district.
- Changes in the 9-1-1 charges collected by the county subject to the limits under the Act.

("Tentative 9-1-1 service plan" means a plan prepared by at least one county for implementing a 9-1-1 system in a specified 9-1-1 service district. "Final 9-1-1 service plan" means a tentative 9-1-1 service plan that has been modified only to reflect necessary changes resulting from any exclusions of public agencies from the 9-1-1 service district of the tentative plan and any failure of public safety agencies to be designated as PSAPs or secondary PSAPs.

"Public safety agency" means a functional division of a public agency, county, or the State that provides fire fighting, law enforcement, ambulance, medical or other emergency services. "Public safety answering point" ("PSAP") means a communications facility operated or answered on a 24-hour basis assigned responsibility by a public agency or county to receive 9-1-1 calls and to dispatch public safety response services, as appropriate, by the direct dispatch, relay, or transfer methods. It is the first point of reception by a public safety agency of a 9-1-1 call and serves the jurisdictions in which it is located and other participating jurisdictions, if any. "Secondary PSAP" means a communications facility of a public safety agency or private safety entity that receives 9-1-1 calls by the transfer method only and generally serves as a centralized location for a particular type of emergency call.

A public agency is a village, township, charter township, or city within the State and any special purpose district located in whole or in part within the State.)

#### Agreement with Public Agency

The Act allows an emergency telephone district board, a 9-1-1 service district, or a county on behalf of a 9-1-1 service area created by the county to enter into an agreement with a public agency that does either of the following:

- Grants a specific pledge or assignment of a lien on or a security interest in any money received by a 9-1-1 service district for the benefit of qualified obligations.
- Provides for payment directly to the public entity issuing qualified obligations of a portion of the emergency telephone operational charge sufficient to pay when due principal of and interest on qualified obligations.

The bill would refer to the emergency telephone operational charge or the State 9-1-1 charge.

#### Sunset: Technical & Operational Charges

The bill would establish an expiration date of December 31, 2007, on the provisions described below.

Except as otherwise provided, each service supplier within a 9-1-1 service district must provide a billing and collection service for an emergency telephone technical charge and operational charge from all of its users within the geographical boundaries of the emergency telephone or 9-1-1 service district. The technical charge and operational charge must be uniform per each exchange access facility within the 9-1-1 service district. The portion of the technical charge that represents start-up costs, nonrecurring billing, installation, service, and equipment charges of the service supplier, including the costs of updating equipment necessary for conversion to 9-1-1 service, must be amortized at the prime rate plus 1% over a period of up to 10 years and must be billed and collected from all service users only until the service supplier recoups those amounts fully. Recurring costs and charges included in the technical and operational

charges must continue to be billed to the service user.

The amount of the technical and operational charges to be billed to the service user must be computed as required by the Act. Except as otherwise provided, the amount of technical charge payable monthly by a service user for recurring costs and charges may not exceed 2% of the lesser of \$20 or the highest monthly rate the service supplier charges for primary basic local exchange service within the 9-1-1 service district. The amount of technical charge payable monthly by a service user for nonrecurring costs and charges may not exceed 5% of the lesser of \$20 or the highest monthly rate the service supplier charges for primary basic local exchange service under the Michigan Telecommunications Act within the 9-1-1 service district.

With the approval of the county board of commissioners, a county may assess an amount for recurring emergency telephone operational costs and charges that may not exceed 4% of the lesser of \$20 or the highest monthly rate the service supplier charges for primary basic local exchange service within the county. The percentage to be set for the operational charge must be established by the county board of commissioners. The difference, if any, between the amount of the technical charge computed under the Act and the maximum permitted under this provision must be paid by the county from funds available to it or through cooperative arrangements with public agencies within the 9-1-1 service district.

Except as otherwise provided, the technical and operational charges must be collected in accordance with the regular billings of the service supplier. The amount collected for the operational charge must be paid by the service supplier to the county that authorized the collection. The technical and operational charges payable by service users must be added to, and stated separately in, the billings to service users.

Except as otherwise provided, a county may, with the approval of the voters in the county, assess up to 16% of the lesser of \$20 or the highest monthly rate charged by the service supplier for primary basic local exchange service within the county, or assess a millage or combination of the two to cover emergency telephone operational

costs. An assessment approved under these provisions is for a period of up to five years.

The total operational charge under the provisions allowing a county to assess an additional charge for recurring costs and an additional charge or millage to cover operational costs may not exceed 20% of the lesser of \$20 or the highest monthly flat rate charged for primary basic service by a service supplier for a one-party access line.

An annual accounting must be made of the approved operational charge as prescribed in the Act. (The provisions related to the accounting would be deleted by Senate Bill 411.)

Except as otherwise provided, the operational charge must be distributed by the county or counties to the primary PSAPs by one of the following methods:

- As provided in the final 9-1-1 service plan.
- If distribution is not provided for in the plan, then according to any agreement for distribution between the county and public agencies.
- If distribution is not provided in the plan or by agreement, then according to the distribution of access lines within the primary PSAPs.

In addition to providing for the expiration of these provisions, the bill would delete a provision that, if a county board of commissioners created multiple emergency telephone districts before March 2, 1994, the districts must receive all operational funds collected by the service supplier of the district and operate the systems as provided by the Act.

#### State 9-1-1 Charge

Under the bill, except as otherwise provided, each service supplier within a 9-1-1 service district would have to provide a billing and collection service for a State 9-1-1 charge from all of the service supplier's service users within the geographical boundaries of the 9-1-1 service district or as otherwise provided in the bill. The billing and collection of the State 9-1-1 charge would begin on January 1, 2008. The State 9-1-1 charge would have to be uniform per each service user within the service district.

The amount of the State 9-1-1 charge payable monthly by a service user would have to be established as described below. The amount could not be more than 30 cents or less than 20 cents. The charge could be adjusted annually as provided in the bill.

The State charge would have to be collected in accordance with the regular billings of the service supplier. Except as otherwise provided under the Act, the amount collected for the State charge would have to be paid quarterly by the service supplier to the State Treasurer and deposited in the Emergency 9-1-1 Fund. The charge could be listed separately on the customer's bill or payment receipt. (The Emergency 9-1-1 Fund currently is called the CMRS Emergency Telephone Fund. Senate Bill 411 would rename the Fund.)

The initial charge would be 25 cents and would be effective January 1, 2008. The charge would have to reflect the actual costs of operating, maintaining, upgrading, and other reasonable and necessary expenditures for the 9-1-1 system in this State.

The State Treasurer would have to review and could adjust the charge to be effective on January 1, 2009, and January 1, 2010. Any adjustment by the State Treasurer would have to be made by October 1 of the preceding year. Any adjustment to the charge after December 31, 2010, would have to be made by the Legislature.

If a service user had multiple access points, the State 9-1-1 charge would have to be imposed separately on each of the first 10 access points and then one charge for each 10 access points after that.

An emergency 9-1-1 technical charge could be collected in accordance with the service supplier's regular billings. The amount of the charge payable by the service user would have to be added to and stated separately on the user's billing.

These provisions would take effect on January 1, 2008.

#### County 9-1-1 Charge

In addition to the State 9-1-1 charge, a county board of commissioners could, by resolution, millage, with the approval of

voters in the county, or any combination of those methods, assess a county 9-1-1 charge. The board would have to state in the resolution, ballot question, or millage request the anticipated amount to be generated.

The county 9-1-1 charge could not exceed the amount necessary to implement, maintain, and operate the 9-1-1 system in the county.

If voters approved the charge to be assessed on the service user's monthly bill on a ballot question, the service provider's bill would have to state the following:

"This amount is for your 9-1-1 service which has been approved by the voters on (date of voter approval). This is not a charge assessed by your service supplier. If you have questions concerning your 9-1-1 service, you may call (include appropriate telephone number)."

An annual accounting would have to be made of the county 9-1-1 charge in the same manner as the annual accounting required of service suppliers with regard to the emergency telephone charge required by Section 405. (Senate Bill 411 would amend that section to delete the accounting provisions, and require the Committee to promulgate rules to require each facility with a multiline telephone system to install the necessary equipment and software to provide specific location information of a 9-1-1 call by December 31, 2011.)

Except as otherwise provided, the county 9-1-1 charge would have to be paid quarterly directly to the county and distributed by the county to the primary PSAPs by one of the following methods:

- As provided in the final 9-1-1 service plan.
- If distribution were not provided for in the plan, then according to any agreement for distribution between the county and public agencies.
- If distribution were not provided in the plan or by agreement, then according to population within the emergency 9-1-1 district.

The county annually could adjust the 9-1-1 charge to be effective July 1. The county would have to notify the Committee by April 1 of each year of any change in the charge.

If a county had multiple emergency response districts, the county 9-1-1 charge collected under the bill would have to be distributed in proportion to the population within the emergency 9-1-1 district.

The bill specifies that the county 9-1-1 charge provisions would not preclude the distribution of funding to secondary PSAPs if the distribution were determined by the primary PSAPs within the emergency 9-1-1 district to be the most effective method for dispatching fire or emergency medical services and the distribution were approved within the final 9-1-1 service plan.

The service supplier could retain 2% of the approved county 9-1-1 charge to cover the supplier's costs for billings and collections. The county 9-1-1 charge could be listed separately on the customer's bill.

Information submitted by a service supplier to a county would be exempt from the Freedom of Information Act and could not be released by the county without the service supplier's consent.

If a service user had multiple access points, the county 9-1-1 charge would have to be imposed separately on each of the first 10 access points and then once for each 10 access points after that.

By October 1, 2007, a county board of commissioners could pass a resolution establishing the initial county 9-1-1 charge to be effective on January 1, 2008. The charge could be reviewed and adjusted as provided above.

These provisions would take effect on January 1, 2008.

#### CMRS Emergency 9-1-1 Charge

The bill would require each CMRS supplier or reseller to collect an emergency 9-1-1 charge from each of its prepaid customers. The amount of the charge would have to be established annually by the Committee by combining the amounts determined under the following two provisions.

First, the CMRS supplier or reseller would have a one-time option of selecting one of the following methods of determining the portion of the charge that represented the State 9-1-1 amount:

- By dividing the total earned prepaid revenue received by the CMRS supplier or reseller within the monthly 9-1-1 reporting period by \$50 and then multiplying that number by the amount of the State 9-1-1 charge established under the bill.
- By multiplying the amount of the State 9-1-1 charge as established for each active prepaid account of the CMRS supplier or reseller.

Second, the Committee annually would have to review and establish the portion of the emergency 9-1-1 charge that represented the county 9-1-1 charge amount. The charge would have to be based on the weighted average of all county 9-1-1 charges imposed statewide.

The CMRS would have to deposit the amount collected for the emergency 9-1-1 charge into the Emergency 9-1-1 Fund to be distributed as provided in the Act.

These provisions would take effect on January 1, 2008.

(Under the bill, "active prepaid accounts" would mean a customer who had recharged or replenished his or her account at least once during the billing period or calendar month or had a sufficient positive balance at the end of each month equal to or greater than the amount of the emergency 9-1-1 charge established under the bill.

"CMRS reseller" would mean a provider who purchased telecommunication services from another telecommunication service provider and then resold, used a component part of, or integrated the purchased services into a mobile telecommunication service.

"Earned prepaid revenue" would mean all new revenue that had been generated from prepaid service accounts since the close of the last billing period or calendar month.

"Prepaid customer" would mean a CMRS subscriber who paid in full prospectively for the service and had a Michigan telephone number or a Michigan identification number for service, or a service for exclusive use in an automotive vehicle and whose place of primary use was within Michigan.)

## **Senate Bill 411**

### **Alteration in Charge**

Currently, after commencement of collection of the emergency telephone charge within a particular 9-1-1 service district, a service supplier providing or designated to provide 9-1-1 service under the Act may not alter the emergency telephone charge collected from service users within the service district except as follows:

- As provided in the Act.
- Subject to limitations in the Act, if additions or withdrawals of PSAPs or secondary PSAPs are made to the 9-1-1 service within a 9-1-1 service district, the charge must be increased or decreased in an amount such that the total emergency telephone charge to be collected in that billing period and each billing period after that equals the total cost of providing 9-1-1 service within the service district based on the service supplier's rates and charges.
- Subject to limitations in the Act, if a public agency is added to or withdraws from a 9-1-1 service district, the emergency telephone charge must be increased or decreased within the jurisdiction of that particular public agency in an amount such that the total emergency telephone charge to be collected in that billing period and in each billing period after that equals the total cost of providing 9-1-1 service within the modified 9-1-1 service district based on the service supplier's rates and charges.

The bill would delete this language. Instead, a service supplier providing or designated to provide 9-1-1 service under the Act could not alter the State or county 9-1-1 charge collected from service users within the 9-1-1 service district except as provided in the Act.

### **9-1-1 Call Location Information**

The bill would require the Emergency 9-1-1 Service Committee to promulgate rules requiring each facility with a multiline telephone system to install by December 31, 2011, the necessary equipment and software to provide specific location information of a 9-1-1 call. This provision would apply to multiline telephone systems regardless of the system technology.

## Annual Accounting

Currently, except as otherwise provided, within specified time frames, a service supplier providing 9-1-1 service under the Act must make an annual accounting to the 9-1-1 service district of the total emergency telephone charges collected during the immediately preceding calendar year. If an annual accounting discloses that the total emergency telephone technical charges collected during that year exceeded the total cost of installing and providing 9-1-1 service within the service district according to the service supplier's rates and charges, the service supplier must adjust the technical charge collected from service users in the service district in an amount computed as prescribed by the Act. Costs of the service supplier associated with making the adjustment as part of the billing and collection service must be deducted from the amount to be adjusted.

If the annual accounting discloses that the total emergency telephone charges collected during the calendar year are less than the total cost of installing and providing 9-1-1 service within the service district according to the costs and rates of the service supplier, the service supplier must collect an additional charge from service users in the district in an amount computed as prescribed by the Act.

The bill would delete these provisions.

## Auditing

Currently, except as otherwise provided, the emergency telephone operational charge funds collected and spent under the Act must be used exclusively for the operation of the 9-1-1 system. Under the bill, instead, the funds collected and spent under the Act would have to be spent exclusively for 9-1-1 services and in compliance with the rules promulgated under it.

The Act requires each PSAP or secondary PSAP to assure that fund accounting, auditing, monitoring, and evaluation procedures are provided. Under the bill, all of the procedures would have to be provided as required by the Act and the rules promulgated under it. The bill would delete a requirement that the accounting procedures provide for accurate and timely recording of receipt and disbursement of funds by source.

The bill also would delete a provision prohibiting the recurring emergency telephone operational charge from being spent if an audit has not been performed as required within 120 days at the end of the fiscal year.

## Emergency 9-1-1 Fund

The Act establishes the CMRS Emergency Telephone Fund within the State Treasury. The bill would refer to the Emergency 9-1-1 Fund, rather than the CMRS Emergency Telephone Fund, and delete a requirement that Fund provide money to implement the Wireless Emergency Service Order and the Act. The bill specifies that money in the CMRS Emergency Telephone Fund on the bill's effective date would have to be deposited into the Emergency 9-1-1 Fund and spent as provided by the Act. The bill also would delete a requirement that the State Treasurer establish restricted subaccounts within the CMRS Emergency Telephone Fund for each of the categories listed in Section 409 (which was repealed on January 1, 2004).

Currently, the Department of Treasury may spend Fund money, upon appropriation, only as provided in the Act. The bill would delete the reference to appropriation.

The Wireless Emergency Service Order requires local exchange carriers to provide all customers with enhanced 9-1-1 (E-911) service, which provides for the identification of a caller's location and telephone number. The Order was issued by the Federal Communications Commission (FCC) in June 1996, and took effect on October 1, 1996. The Order was supposed to be implemented in two phases. Phase 1 required wireless telephone service providers, by April 1, 1998, to be prepared to relay a caller's "automatic number identification" and the location of the cell site to the designated PSAP, and enable the attendant to call back if the 9-1-1 call was disconnected. Under Phase 2, by October 2001, carriers had to be able to identify the latitude and longitude of a wireless call within a radius of 125 meters in 67% of all cases.)

## State 9-1-1 Service Charge

Currently, except as otherwise provided, a CMRS supplier or reseller must include a service charge of 52 cents per month for



each CMRS connection with a Michigan billing address. The CMRS supplier or reseller must list the service charge authorized under the Act as a separate line item on each bill as the "operational 9-1-1 charge".

The bill would delete these provisions. Instead, except as otherwise provided, starting January 1, 2008, a service supplier would have to include a monthly State 9-1-1 service charge (as determined under Senate Bill 410). The service supplier would have to list the State 9-1-1 service charge on each bill as a separate line item called the "state 9-1-1 charge".

The bill would allow each service supplier to retain 2% of the State 9-1-1 charge collected under the Act to cover the supplier's costs for billing and collection.

#### CMRS Fund Reimbursement

The Act requires a CMRS supplier to submit an invoice to the subcommittee (described below) for reimbursement from the CMRS Emergency Telephone Fund for costs incurred in implementing the Wireless Emergency Service Order and the Act. Within 90 days after the date the invoice is submitted, the subcommittee must review the invoice and make a recommendation to the Committee for the approval, in whole or in part, or denial of the invoice. The Committee may approve an invoice only if it is for costs directly related to the provision and installation of equipment that implements the service order and the Act. The Committee must authorize payment of the invoice in accordance with the subcommittee's recommendations. The bill would delete these provisions.

The bill also would delete provisions that required all CMRS suppliers to notify the Committee by July 1, 2004, whether they would seek reimbursement from the Fund for costs incurred before December 31, 2005, in implementing the order and the Act. If a CMRS supplier elected to seek reimbursement, it had to continue imposing the 52-cent monthly charge until December 31, 2005. Since that date, the supplier has had to impose a monthly service charge of 29 cents. A CMRS supplier that notified the Committee that it would not seek reimbursement must impose a charge of 29 cents per month and could not seek reimbursement for costs in implementing

the order and the Act after the date of its notice to the Committee.

Additionally, the bill would delete provisions allowing the Michigan Department of State Police (MSP) to receive funds from the CMRS Emergency Telephone Fund for costs to administer the Act or to operate a regional dispatch center that receives and dispatches 9-1-1 calls. The Act requires a breakdown of the costs funded under this provision to be included in the annual report required under Section 412 (which the bill would amend as described below). Except as otherwise provided, the costs funded under this provision may not exceed one-half of one cent of the monthly service charge. If the MSP establishes the position of E 9-1-1 coordinator, the costs funded under this provision may not exceed one cent of the monthly service charge.

#### Emergency 9-1-1 Fund Distribution

Currently, all money collected and deposited in the CMRS Emergency Telephone Fund must be distributed as follows:

- Except as otherwise provided, 10 cents of each monthly service charge must be disbursed equally to each county with a final 9-1-1 plan in place that includes implementation of the wireless emergency service order and the Act
- Except as otherwise provided, 15 cents of each monthly service charge must be disbursed on a per capita basis to each county with a final 9-1-1 plan in place that includes implementation of the service order and the Act.
- One and one-half cents of each monthly service charge must be available to PSAPs for training personnel assigned to 9-1-1 centers.
- To CMRSs for reimbursement of order and Act implementation costs, to the MSP for administrative costs and the costs to operate a regional dispatch center, and to local exchange providers for costs related to the order.
- For fiscal year (FY) 2005-06 only, up to \$15.0 million for the annual rental obligations of the State Building Authority under the bonds issued to finance the Michigan Public Safety Communications System project.

The bill instead would require money collected and deposited in the Emergency 9-1-1 Fund to be disbursed as follows:

- 62.25% disbursed to each county with a final 9-1-1 plan in place, with 40% of that distributed on an equal basis to each county, and 60% distributed based on a population per capita basis.
- 31.25% spent for common network costs as approved by the Committee.
- 3.75% made available to PSAPs for training personnel assigned to 9-1-1 centers.
- 2.75% credited to the MSP for costs to administer the Act, to operate a regional dispatch center that received and dispatched 9-1-1 calls, and to maintain the office of the State 9-1-1 coordinator.
- For FY 2007-08 only, up to \$500,000 to the MSP to study the feasibility of an IP-based 9-1-1 system in Michigan.
- For FY 2007-08 only, \$10 million to the State Treasurer to establish a fund for the capital outlay of an IP-based 9-1-1 system in Michigan.

Money received by a county could be used only for 9-1-1 services as allowed in the Act. The bill would retain a requirement that money spent for a purpose considered unnecessary or unreasonable by the Committee or the Auditor General be repaid to the Fund. The bill also would require a breakdown of the MSP's costs funded under these provisions to be included in the annual report required under the Act.

The money in the proposed capital outlay fund at the close of the fiscal year would remain in the fund and would not lapse to the General Fund. If the money in the fund were not spent by October 1, 2010, it would lapse to the General Fund.

The bill would require the Committee to promulgate rules establishing training standards for 9-1-1 system personnel.

Currently, money must be disbursed to an eligible public safety agency or county for training of PSAP personnel through courses certified by the Michigan Commission on Law Enforcement Standards only to provide basic 9-1-1 operations training, or to provide in-service training to employees engaged in 9-1-1 service. Under the bill, the courses would have to be certified by the Committee.

Currently, if a county with a final 9-1-1 plan in place does 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 must be disbursed to the public agency or county responsible for accepting and responding to those calls. The bill would delete this provision.

The bill would delete provisions under which a county had to be compliant with the service order and the Act in order to receive disbursements.

The bill also would delete a provision allowing each CMRS supplier or reseller who billed a customer to retain one-half of one cent of each service charge billed under the Act to cover the costs of billing and collection as the only reimbursement from this charge for billing and collection costs.

The Act required the Public Service Commission, following a contested case, to issue an order by June 29, 2004, establishing the costs that a local exchange provider may recover in terms of the costs related to the wireless emergency service order. Any cost reimbursement allowed under this provision may not include a cost that is not related to complying with the order. A local exchange provider may submit an invoice to the PSC for reimbursement from the CMRS Emergency Telephone Fund for costs incurred that are allowed under the Commission order. The bill would delete these provisions.

Currently, a CMRS supplier or reseller is not liable for an uncollected service charge for which the supplier or reseller has billed the CMRS user. If only a partial payment of a bill is received by a CMRS supplier or reseller, the supplier or reseller must credit the amount received in the following order of priority:

- For services provided.
- For the reimbursement of CMRS suppliers for the costs of billing and collection.
- For the balance of the service charge.

Amounts received for the balance of the service charge must be forwarded to the CMRS Emergency Telephone Fund. Any uncollected portion of the service charge that is not received must be billed on subsequent billings and, upon receipt, amounts in excess of the reimbursement must be forwarded to the Fund. The service charge a CMRS user pays is not subject to a State or local tax. The bill would delete all of these provisions.

The bill also would delete requirements that the MSP annually prepare a prioritized list of projects that it recommends for funding, and that the Legislature annually review and approve projects by law. Additionally, the bill would delete a provision that, if a project provides infrastructure or equipment for use by CMRS suppliers, the MSP must charge a reasonable fee for use of the infrastructure or equipment.

The bill would require the Committee to promulgate rules establishing the standard for county certification of the receipt and expenditures of 9-1-1 funds under the Act. Receipt of the funds would be dependent on compliance with the standards established under this provision.

#### Subcommittee

The Act requires the Committee to appoint a subcommittee to review expenditures from the CMRS Emergency Telephone Fund. The subcommittee must include the Committee member representing the MSP, who is the subcommittee chairperson. Additionally, the subcommittee must consist of the Committee member representing a CMRS, the member representing a public safety agency who is not associated with the service supplier industry, the member representing the Michigan Association of Counties, and one person appointed by the Committee chairperson representing the CMRS industry who is not a Committee member.

Under the bill, the subcommittee would have to review expenditures for common network costs of the 9-1-1 system statewide. Instead of the Committee member representing a CMRS, the subcommittee would have to include a Committee member representing service providers. Additionally, the subcommittee member appointed by the Committee chair would have to represent the general public, rather than the CMRS industry.

The subcommittee would have to review invoices for common network costs for the 9-1-1 system for reimbursement from the Emergency 9-1-1 Fund and make recommendations to the Committee regarding approval or disapproval of payment on the invoice. The bill would delete a provision prohibiting the approval of any invoice for payment of an expense that is not related to compliance with the service

order and the Act, or an expense that exceeds 125% of the CMRS emergency telephone charges submitted by a CMRS supplier unless the expense was recommended for approval by the subcommittee before it was incurred.

#### Annual Committee Report

The Act requires the Committee to conduct and complete a study and make a report by August 30 of each year on the 52-cent service system charge. The report must include at least all of the following:

- The extent of emergency telephone service implementation in Michigan by CMRS suppliers under the order and the Act.
- The actual costs incurred by PSAPs and CMRS suppliers in complying with the order and the Act.
- The required service charge and a recommendation to change the charge amount if needed to fund the costs of meeting the time frames in the 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 order and the Act.

The bill would require the Committee instead, to report by August 1 of each year on the 9-1-1 system in Michigan and the State and county 9-1-1 charges required and distributed under the Act. The report would have to include at least all of the following:

- The extent of emergency 9-1-1 service implementation in Michigan.
- The actual costs incurred by PSAPs, counties, and service providers in complying with the Act.
- The required State 9-1-1 charge and a recommendation of any changes in the charge amount.
- A description of any commercial applications developed as a result of implementing the Act.
- The State, county, and CMRS emergency 9-1-1 charges and a detailed record of expenditures by each county relating to the Act.

As currently required, the report would have to be delivered to the Secretary of the

Senate, the Clerk of the House of Representatives, and the standing committees of the Senate and House having jurisdiction over issues pertaining to communication technology. The bill would delete a requirement that the Legislature, upon receiving the report, consider its findings and determine whether an adjustment to the fee is necessary.

#### Promulgation of Rules

The bill would require the Committee to promulgate rules to administer and effectuate the purposes of the Act. The rules would have to include the establishment of uniform procedures, policies, and protocols governing 9-1-1 services in counties and PSAPs in this State, the training of PSAP personnel, the receipt and expenditure of 9-1-1 funds received by counties, and the penalties and remedies for violations of the Act and the rules promulgated under it. Except as otherwise provided, this provision would not apply to service suppliers.

#### Technical Assistance; Dispute Resolution

Currently, except for a CMRS, the PSC and the Committee, upon request by a service supplier, county, public agency, or public service agency, must provide, to the extent possible, technical assistance regarding the formulation and/or implementation of a 9-1-1 service plan and assistance in resolving a dispute between or among a service supplier, county, public agency, or public safety agency regarding their respective rights and duties under the Act. The bill would delete the references to a CMRS and the PSC, and include disputes involving service users in this provision.

The bill would delete a requirement that, except for a CMRS supplier, a service supplier, county public agency, public service agency, or a combination of those entities that has a dispute with another arising from the formulation and/or implementation of a 9-1-1 service plan request assistance from the PSC and the Committee in resolving the dispute. The bill also would delete a requirement that, upon the request of a CMRS supplier, county, public agency, or public service agency, the Committee, to the extent possible, provide technical assistance in formulating and implementing a 9-1-1 service plan. Additionally, the bill would delete a

requirement that the Committee provide assistance in resolving a dispute between or among a CMRS supplier, county, public agency, or public service agency regarding their respective rights and duties under the Act.

Currently, a CMRS supplier, county, public agency, or public service agency or a combination of those entities that has a dispute with another of those entities arising from the formulation and/or implementation of a 9-1-1 service plan must request assistance from the Committee in resolving the dispute. The bill would delete this provision.

The bill would require the Committee to develop an informal dispute resolution process that could be used by any party in resolving any dispute involving the formulation, implementation, delivery, and funding of 9-1-1 services in this State.

#### Improper Use of 9-1-1 Service

The Act prohibits a person from using an emergency telephone service or an emergency CMRS authorized by the Act for any reason other than to call for an emergency response services from a primary PSAP. The bill would refer to an emergency 9-1-1 service, rather than an emergency telephone service or emergency CMRS.

Currently, a person who knowingly uses or attempts to use an emergency 9-1-1 service for an unauthorized purpose is guilty of a misdemeanor punishable by imprisonment for up to 93 days and/or a maximum fine of \$1,000. A violator who has one or more prior convictions under this provision is guilty of a felony punishable by imprisonment for up to two years and/or a maximum fine of \$2,000. Under the bill, the misdemeanor would be punishable by imprisonment for up to 180 days and/or a maximum fine of \$5,000. The felony would be punishable by imprisonment for up to two years and/or a maximum fine of \$10,000.

#### Emergency 9-1-1 Service Committee

The Act establishes the Emergency Telephone Service Committee within the MSP to develop statewide standards and model system considerations and make other recommendations for emergency telephone services. The bill would refer to

the Emergency 9-1-1 Service Committee. The Committee would have the authority and would have to exercise the powers and duties granted to it under the Act.

Currently, the Committee's responsibilities include performing duties as necessary to promote successful development, implementation, and operation of 9-1-1 systems across Michigan. Under the bill, the Committee instead would have to perform all duties required under the Act relating to the development, implementation, operation, and funding of 9-1-1 systems in Michigan. Additionally, the bill would require the Committee to provide notice to service suppliers of any changes in the State or county 9-1-1 charge.

The Act specifies that the Committee is subject to the Freedom of Information Act. Under the bill, this provision would apply except as otherwise provided under the Act.

#### Repealed Sections

The bill would repeal Sections 201a, 201b, and 411 of the Act. Section 201a allows a county or group of counties to create a universal emergency number service system under the Act. Section 201b allows four or more cities within a county with a population of at least 2.0 million to create such a service, with the approval of the county board of commissioners.

Under Section 411, a CMRS supplier may use money received from the CMRS Emergency Telephone Fund for monthly recurring costs, start-up costs, and nonrecurring costs associated with installation, service, software, and hardware necessary to comply with the service order and the Act. If the total amount from the invoices approved for payment exceeds the amount remaining in the Fund in any quarter, all CMRS suppliers that have submitted invoices that are approved by the Committee to receive payment must receive a pro rata share of the money that is available in that quarter.

MCL 484.1101 et al. (S.B. 410)  
484.1402 et al. (S.B. 411)

Legislative Analyst: Julie Cassidy

#### **FISCAL IMPACT**

The bills would continue, but amend, a charge-based funding mechanism for 9-1-1 service in the State that otherwise will sunset December 31, 2007. Retaining the funding mechanism would generate charge-based revenue of approximately \$27.5 million to be used to fund costs related 9-1-1 service in the State, which would closely approximate current revenue.

Under the current statute, 29 cents is charged monthly on each cell phone bill in the State. The revenue from this surcharge is distributed by the State in the following way: 25 cents to counties, one cent to the Michigan State Police, one and one-half cent for training, one-half cent for providers for billing costs, and one cent to land line network providers. This surcharge brings in approximately \$20 million annually, and other provisions in the statute allowing technical charges for communication companies add another approximately \$8.4 million.

The bills would change the current 9-1-1 charge from a 29-cent surcharge on cell phone bills (covering 6.6 million phone bills) to 25 cents on each communication device (land line and cell phones and others) that have access to 9-1-1 services (approximately 12.3 million actual devices; 9.3 million which would be charged under the bills), and remove the current separate technical charge. The proposed new surcharge would generate approximately \$27.5 million. After a 2% surcharge for billing and collection was applied, approximately \$27.0 million would be distributed by the State in the following way (fiscally very similar to amounts distributed under current law): 62.25% to counties, distributed on a 40% equal basis and 60% by population; 31.25% to fund common network costs (replacing the technical charge); 3.75% to 9-1-1 training programs; and 2.75% to fund State 9-1-1 office and services.

As under current law, the bills would allow counties to apply local surcharges to fund 9-1-1 funding, but would allow them to apply this surcharge to all communication devices that have access to 9-1-1, as the proposed new State surcharge would be allowed to do.

The bills also would direct \$500,000 from the current \$18.8 million balance in the

CMRS fund (unspent funds from cost recovery surcharges for wireless providers) to be used for a feasibility study to determine whether it would be advisable for the State to move to an IP (internet protocol) 9-1-1 system, and would reserve \$10.0 million of the funding for potential assistance with the costs of conversion to an IP-based system.

Fiscal Analyst: Bruce 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.