



Senate Fiscal Agency
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BILL ANALYSIS

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Senate Bills 679 and 815 (as reported without amendment)
Sponsor: Senator Bruce Patterson
Committee: Energy Policy and Public Utilities

Date Completed: 10-24-07

RATIONALE

In Michigan, the Emergency Telephone Service Enabling Act was enacted in 1986 to facilitate the statewide development of the 9-1-1 system. The Act set up a process for county boards of commissioners to establish local 9-1-1 systems and for "service suppliers" (telephone companies, or carriers) to pass on to their subscribers part of the suppliers' technical charges. Subsequent amendments also allow service suppliers to levy emergency telephone operational charges. In addition, counties may assess a charge or millage to cover emergency telephone operational costs, with voter approval. The Act is set to expire on December 31, 2007. It has been suggested that the sunset be delayed for a year to permit the continued assessment of charges to fund the 9-1-1 system.

CONTENT

The bills would amend the Emergency Telephone Service Enabling Act extend the Act and the collection of charges under it to December 31, 2008.

The bills are described below in further detail.

Senate Bill 679

The bill would delay the Act's sunset from December 31, 2007, to December 31, 2008.

Senate Bill 815

The bill would prohibit the levy or collection of the emergency telephone technical charge and the emergency telephone operational

charge after December 31, 2008, rather than December 31, 2007.

("Emergency telephone operational charge" means a charge for the nonnetwork technical equipment and other costs directly related to the dispatch facility and the operation of one or more public safety answering points (PSAPs), including the costs of dispatch personnel and radio equipment necessary to provide two-way communication between PSAPs and a public safety agency.

"Emergency telephone technical charge" means a charge for the network start-up costs, customer notification costs, billing costs (including an allowance for uncollectibles for technical and operational charges), and network nonrecurring and recurring installation, maintenance, service, and equipment charges for a service supplier providing 9-1-1 service under the Act.)

MCL 484.1717 (S.B. 679)
484.1401 (S.B. 815)

BACKGROUND

According to the Federal Communications Commission (FCC), dialing 9-1-1 is the most effective and familiar way the American public has to find help in an emergency. Typically, 9-1-1 calls are routed by local exchange carriers to public safety answering points staffed by attendants who direct the calls to police, fire, and health emergency response providers. In the basic form of 9-1-1, an attendant gathers information about the nature and location of the emergency by questioning the caller. Over the last two

decades, according to the FCC, most 9-1-1 systems and PSAPs have been upgraded to provide "enhanced 9-1-1" service (E911) for landline (as opposed to wireless) calls. When a landline call is placed in a region with E911, the caller's telephone number and the location of the telephone are transmitted to the PSAP. Additionally, every Michigan county now is capable of processing wireless calls in compliance with an FCC order requiring that the latitude and longitude of such a call be identified within a radius of 125 meters in 67% of all cases. Typically, in these situations, once the dispatcher has obtained the coordinates of a wireless call, he or she provides the appropriate responder with the specific location.

communication companies add approximately \$8.4 million. The bills also would allow counties to continue to apply local surcharges to fund 9-1-1 systems as under current law.

Fiscal Analyst: Bruce Baker

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

The Emergency Telephone Service Enabling Act is set to expire at the end of 2007. By delaying the Act's expiration for one year and extending for a year the collection of charges to cover PSAPs' and service suppliers' costs, the bills would ensure that 9-1-1 systems remain solvent.

Legislative Analyst: Julie Cassidy

FISCAL IMPACT

The bills would continue until December 31, 2008, 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 \$28.4 million annually to be used to fund costs related to 9-1-1 service in the State.

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 cents for training, one-half cent for providers for billing costs, and one cent to landline network providers. This surcharge brings in approximately \$20 million annually, and other provisions in the statute allowing technical charges for

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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.