

# Legislative Analysis

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## 9-1-1 SURCHARGE REMITTANCES

House Bill 5952 (reported without amendment)

Sponsor: Rep. Aric Nesbitt

Committee: Energy and Technology

*(Enacted as Public Act 433 of 2012)*

Complete to 11-26-12

## A SUMMARY OF HOUSE BILL 5952 AS REPORTED FROM COMMITTEE 11-8-12

The bill would amend the Emergency 9-1-1 Service Enabling Act to alter the process by which prepaid wireless 9-1-1 surcharges are remitted to the state. Under current law, retailers are required to collect 1.92% on each purchase of prepaid wireless communications service. The surcharge must be remitted to the state in the same manner and time frame as sales tax collections under the General Sales Tax Act.

House Bill 5952 would continue to require retailers to remit the surcharge monthly. However, the bill would remove provisions that (1) require the surcharge to be remitted at the same time and in the same manner as taxes under the General Sales Tax Act; (2) require the Department of Treasury to establish recordkeeping, payment, and other procedures similar to those imposed under the General Sales Tax Act; (3) specify that the surcharge be administered under the Revenue Act, as well as the 9-1-1 Act; and (4) require the department to promulgate rules to implement the collection of the surcharge.

MCL 484.1401c

## FISCAL IMPACT:

House Bill 5952 would have no fiscal impact on state or local government. The provisions of the bill would make a technical amendment to the prepaid wireless 9-1-1 surcharge remittance process for the Department of Treasury as passed in PA 260 of 2012.

## BACKGROUND INFORMATION AND DISCUSSION:

Under Public Act 260 of 2012, retailers are required to collect a prepaid wireless 9-1-1 surcharge at the point of sale, calculated as 1.92% of the retail transaction. The revenue collected is generally used to support local 9-1-1 emergency services. Under the act, retailers are required to remit the surcharge to the state in the same manner and time frame as the sales tax. According to testimony, linking the surcharge to the sales tax and administering the surcharge under the Revenue Act creates administrative complications for the Department of Treasury. The surcharge will continue to be remitted monthly.

**POSITIONS:**

Michigan Department of Treasury supports the bill. (11-8-12)

Michigan Retailers Association supports the bill. (11-8-12)

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