



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

BILL



ANALYSIS

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

Senate Bill 400 (Substitute S-2 as reported)

Sponsor: Senator Rick Jones

Committee: Energy and Technology

CONTENT

The bill would amend the Emergency 9-1-1 Service Enabling Act to do the following:

- Increase the prepaid wireless 9-1-1 surcharge for retail transactions from 1.92% to 5.0% per transaction.
- Increase the monthly State 9-1-1 charge collected from communication service users from 19 cents to 25 cents, effective January 1, 2018.
- Increase the 9-1-1 charge that a county board of commissioners may assess by resolution from 42 cents to 48 cents.
- Require the Michigan Public Service Commission to commence a proceeding to determine the recurring and nonrecurring cost categories for all IP-based 9-1-1 service providers, and issue a final order adopting the cost categories considered to be just and reasonable.
- Require the Auditor General to audit the Emergency 9-1-1 Fund at least biennially, instead of at least annually.
- Permit the Attorney General, upon referral by the Commission, to commence a civil action against a service supplier, commercial mobile radio service (CMRS) supplier, reseller, or retailer for failure to report, charge, collect, and transmit a county 9-1-1 charge.
- Allow a county board of commissioners to amend a final 9-1-1 service plan to include IP-based 9-1-1 service providers.

The bill also would require that annual money collected and deposited into the Emergency 9-1-1 Fund not exceeding \$37.0 million be distributed as follows:

- 65% would have to be disbursed to each county with a final 9-1-1 plan in place (subject to the current requirement that 40% be distributed quarterly on an equal basis to each county, and 60% be distributed quarterly on a population per capita basis).
- 25.56% would have to be available to reimburse local exchange providers for the costs related to wireless emergency service and to reimburse IP-based 9-1-1 service providers for the costs related to IP-based 9-1-1 emergency service.
- 5.5% would have to be available to public safety answering points (PSAPs) for training personnel assigned to 9-1-1 centers.
- 1.5% would have to be credited to the Michigan State Police (MSP) to operate a regional dispatch center that receives and dispatches 9-1-1 calls, and 2.44% would have to be credited to the MSP for costs to administer the Act and to maintain the office of the State 9-1-1 coordinator.

MCL 484.1102 et al.

Legislative Analyst: Stephen Jackson

FISCAL IMPACT

The bill would have a small, but positive fiscal impact on the Michigan Department of State Police, and a positive fiscal impact on local 9-1-1 emergency service providers. The bill would raise two fees charged by communications service providers, and credited to the Emergency

9-1-1 Fund, which is administered by the State Treasury. The first fee is a 19-cent monthly surcharge included on telephone bills; that fee would be raised to 25 cents per month. The second is an increase in the percentage surcharge included on prepaid wireless services from 1.92% to 5.0%. In fiscal year 2015-16, those two fees generated a total of \$20.3 million and \$8.2 million, respectively. Under the bill, those amounts would increase to approximately \$26.6 million and \$21.6 million, respectively, for a total of \$48.8 million.

Additionally, the bill would make a number of changes in how those funds are distributed through statutory formula. Table 1 provides estimates for the impact of the bill on the various programs funded through the Emergency 9-1-1 Fund. The annual sum totals of the estimates were obtained from the MSP, and those totals were then applied to all of the individual programs according to their current statutory percentages and those under the bill. Additionally, the bill would cap the amount sent through the formula at \$37.0 million, with any remaining revenue being credited directly to local exchange providers as well as approved costs related to internet protocol-based 9-1-1 emergency services.

Table 1

Emergency 9-1-1 Fund Formula Allocations - Current and Proposed
(Dollar amounts in millions)

Program/Item	Current Law Pct.	Current Law Dollar Amt.	S.B. 400 Pct. ¹	S.B. 400 Dollar Amt. ¹
County 9-1-1 Providers	82.5%	\$23.5	65%	\$24.0
Local Exchange Providers (Wireless Emergency Service) and Approved Costs for Internet Protocol Based 9-1-1 Projects	7.75%	\$2.2	25.56%	\$21.3
Public Safety Answering Point Training	6.0%	\$1.7	5.5%	\$2.0
State Police Regional Dispatch	1.88%	\$0.5	1.5%	\$0.6
State Police Administration	1.87%	\$0.5	2.44%	\$0.9
TOTAL	100%	\$28.5	100%	\$48.8
¹ The bill would limit the amount disbursed through the formula to \$37.0 million; additional funds would be directly credited to the second item in <u>Table 1</u> .				

Finally, the bill would allow county commissions, by resolution, to increase county-levied monthly 9-1-1 surcharges from 42 cents per month to 48 cents per month. It is not known how much this would raise as it is unknown at this time how many counties currently levy a county surcharge and of those, how many would opt to increase it.

Date Completed: 11-28-17

Fiscal Analyst: Bruce Baker
Cory Savino
Josh Sefton