



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



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

House Bill 5026 (Substitute H-4 as reported without amendment)
Sponsor: Representative Julie Calley
House Committee: Communications and Technology
Senate Committee: Energy and Technology

CONTENT

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

- Require a 9-1-1 system to be capable of processing all 9-1-1 requests for service originating from devices connected to a communications service located within the emergency 9-1-1 district.
- Modify certain requirements for the establishment of a finalized 9-1-1 service plan.
- Modify, from 5.0% per retail transaction to 6.0% per retail transaction, the amount of the prepaid wireless 9-1-1 surcharge, beginning March 1, 2022.
- Require the Department of Treasury, alongside the State 9-1-1 Committee, to review the Emergency 9-1-1 Fund created under the Act for collection and remittance compliance and to issue a report to the Legislature regarding certain findings, by June 30, 2023.
- Require the Michigan Public Service Commission (MPSC) and the Attorney General to consult with the Department to determine whether the Department initiated an examination or audit before the MPSC or Attorney General could take certain action against a retailer of a prepaid wireless telecommunication service for failure to comply with requirements of the Act.
- Require the Department to notify the MPSC on a quarterly basis of the balance available for distribution for the purpose of reimbursing local exchange providers, beginning December 31, 2025.
- Allow the MPSC to initiate a proceeding to reduce the State 9-1-1 charge and the prepaid wireless 9-1-1 surcharge if the balance available for distribution exceeded \$12.0 million for three consecutive quarters, beginning December 31, 2025.
- Require 100% of the money deposited into the Emergency 9-1-1 Fund under a bill making appropriations for the fiscal year ending September 30, 2022, to be used 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 the transport, routing, or delivery to PSAPs of IP-based 9-1-1 emergency service.
- Modify and delete provisions related to multiphone telephone systems (MLTS), and instead require an MLTS to comply with the most recent version of applicable Federal regulations.

The bill also would repeal the Emergency 9-1-1 Service Enabling Act effective December 31, 2027.

MCL 484.1102 et al.

Legislative Analyst: Tyler VanHuyse

FISCAL IMPACT

The bill would have a significant fiscal impact on State government and on local units of government, specifically counties. The MPSC could incur minor costs related to the processing

of invoices from local exchange providers or IP-based 9-1-1 service providers on a monthly, rather than a quarterly, basis. However, most costs related to payment processing and reimbursements would be incurred by the Department of Treasury.

Under the bill, the prepaid wireless 9-1-1 surcharge would be increased from 5.0% to 6.0% per retail transaction beginning March 1, 2022. This would result in increased revenue to the Emergency 9-1-1 Fund, which is administered by the Department of Treasury. The Department of State Police estimates that the change would result in an increase of about \$850,000 per quarter.

If, after December 31, 2025, the quarterly distribution from the Fund for the reimbursement of local exchange providers and IP-based 9-1-1 service providers were greater than \$12.0 million for three consecutive quarters, the State 9-1-1 Commission could reduce the State 9-1-1 charge and the prepaid wireless 9-1-1 surcharge. However, this reduction would be proportionate to ensure that the average quarterly balance to be distributed was sufficient to reimburse at least six months of ongoing approved costs related to transport, routing, or delivery to PSAPs of IP-based 9-1-1 emergency service.

Distribution of the Emergency 9-1-1 Fund is dictated by statute as follows:

| Percent | Disbursement |
|----------------|--|
| 65% | Each county with a final 9-1-1 plan in place. |
| 25.56% | Local exchange providers for reimbursement of costs related to wireless emergency service; IP-based 9-1-1 service providers for reimbursement of costs related to the transport, routing, or delivery to PSAPs of IP-based 9-1-1 emergency service |
| 5.5% | PSAPs for training personnel assigned to 9-1-1 centers. |
| 2.44% | Department of State Police for cost of administering the Emergency 9-1-1 Service Enabling Act. |
| 1.5% | Department of State Police for operation of a regional 9-1-1 dispatch center. |

The surcharge increase would result in increased revenue to counties with a final 9-1-1 plan and PSAPs operated by counties, cities, or townships. The Department of State Police would receive additional revenue according to the distribution in the table above.

The bill also would require 100% of the funds deposited into the Emergency 9-1-1 Fund in Public Act 87 of 2021 to be used to reimburse local providers for the costs related to wireless emergency service and IP-based 9-1-1 service providers for costs related to the transport, routing, or delivery to PSAPs of IP-based 9-1-1 emergency service. This amount is equal to the one-time appropriation of \$16.0 million General Fund/General Purpose to the NextGen Infrastructure line item included in the Act.

The bill likely would result in significant administrative costs to the Department of Treasury because of the proposed requirement to track and process payments. The cost of the required review of the Emergency 9-1-1 Fund and subsequent report to the Legislature would be adequately funded by existing appropriations.

Date Completed: 11-10-21

Fiscal Analyst: Elizabeth Raczkowski

SAS\Floor\hb5026

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.