

Legislative Analysis



EXTEND 9-1-1 ACT SUNSET TO 2008; ADD 9-1-1 CHARGE ON PREPAID CELL PHONES

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House Bill 5917 (Substitute H-1)
Sponsor: Rep. Michael Nofs
Committee: Energy and Technology

Complete to 4-19-06

A SUMMARY OF HOUSE BILL 5917 AS REPORTED FROM COMMITTEE

The Emergency Telephone Service Enabling Act was first enacted in 1986 to support the statewide development of a 9-1-1 emergency phone system and to provide funding for the system. The act was amended in 1999 to incorporate wireless (cell) phones into the system through the creation of a Commercial Mobile Radio Service Emergency Telephone Fund. House Bill 5917 would amend the act (MCL 484.1401 et al.) in the following ways.

****** The entire act is currently scheduled to be repealed December 31, 2006. The bill would extend the sunset date to December 31, 2008.

****** A separate December 31, 2006 sunset on the emergency telephone technical charges and operational charges imposed on landline telephones would also be struck from the act (thus extending the charges until the act expires).

****** A 29-cent per month service charge would be imposed on each commercial mobile radio service (CMRS) supplier or reseller for each of its prepaid customers. This applies to prepaid cellular telephone services. The supplier or reseller would have a one-time option of selecting one of the following two ways of determining the service charge:

- 1) 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 29 cents; or
- 2) By collecting 29 cents for each active prepaid account of the CMRS supplier or reseller (with a balance of 29 cents or more).

****** The new 29-cent service charge for prepaid customers would be subject to the state sales tax.

[Currently, there is a 29-cent monthly service charge for each CMRS (cellular phone) connection that has a billing address in the state, and the service charge is required to be listed as a separate line on each bill. The charge is listed as the "operational 9-1-1-charge." This charge is not subject to the state sales tax. Apparently, this charge is not applied to prepaid cell phones.]

FISCAL IMPACT:

The fiscal impact will be an increase in state restricted fund revenues and state sales tax collections. Administrative costs are not expected to increase as a result of this legislation.

POSITIONS:

Among those indicating support for the bill to the House Committee on Energy and Technology on 4-19-06 were: The Michigan State Police and the Michigan Emergency Telephone Service Committee (ETSC); representatives from the 9-1-1- systems of Eaton, St. Joseph, Van Buren, Clinton, Livingston, and Ingham Counties; the Michigan Retailers Association (with the bill in its current form); Oakland County; the Conference of Western Wayne County; and the Michigan Association of Public Safety Communications Officials (APCO).

Testifying in opposition to the bill in its current form were representatives of TracFone (a nationwide prepaid wireless company).

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■ This analysis was prepared by nonpartisan House staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.