



**House
Legislative
Analysis
Section**

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9-1-1 AMENDMENTS

Senate Bill 849 (Substitute H-1) First Analysis (2-1-94)

Sponsor: Sen. Vernon J. Ehlers
1st Senate Committee: Technology & Energy
2nd Senate Committee: Health Policy
House Committee: Public Utilities

THE APPARENT PROBLEM:

Public Act 196 of 1991 amended the Emergency Telephone Service Enabling Act to authorize county boards in counties with a population under 500,000 to levy a surcharge of up to 4 percent on local telephone bills to support the operation of 9-1-1 emergency telephone systems. Further, it allowed a county to seek voter approval for an additional surcharge of up to 16 percent, or for a millage, or for a combination of the two, for 9-1-1 operations. Until Public Act 196, the only surcharges permitted were to allow telephone companies to recover both non-recurring and recurring technical costs. (These are known as technical charges, the county surcharges as operational charges.) The legislature granted the authority for the operational charges to provide counties with a reliable source of funding. Counties previously had to bear the cost of equipping and operating 9-1-1 systems through their general funds, special millages, and state support. A state funding formula had been developed to help counties and, for example, some \$1.8 million was appropriated to 22 counties during the 1990-91 fiscal year. But the uncertain levels of state funding, gubernatorial vetoes, and the prospect that state support was likely to end provided an incentive to find reliable funding sources at the local level. (The 1993-94 state appropriation of \$1.546 million is expected to be the last year for state support grants.)

Since the enactment of Public Act 196, the statewide Emergency Telephone Service Committee, created by the 1986 enabling act, has continued to evaluate, in consultation with interested parties, the operation of 9-1-1 systems with the aim of removing barriers to improved operations and further development. Based on this, new legislation has been introduced. One problem that has been identified is that surcharges are levied based on telephone company exchanges and not the

geographical boundaries of 9-1-1 systems. This means a customer in an exchange that contains parts of two counties might have to pay a surcharge even though his or her county does not have a 9-1-1 program. This can be a stumbling block for a county that wants to adopt a surcharge and for multiple counties that want to join together to establish and fund a 9-1-1 system. The technology now exists to apply the surcharges based on the geographical boundaries of the county or counties operating a 9-1-1 system rather than by telephone exchange so that billing and level of services can coincide. Another difficulty is that the operational surcharges are only collected after installation and commencement of a 9-1-1 system, which means the revenue is not available for start-up costs. Another obvious problem is that the surcharges are only permitted in counties with a population under 500,000, which excludes the four largest counties in the state, Wayne, Oakland, Macomb, and Kent.

THE CONTENT OF THE BILL:

The bill would amend the Emergency Telephone Service Enabling Act in a number of ways, including the following.

- Emergency telephone technical charges and operational charges would be billed and collected by service suppliers (telephone companies) from all their service users within "the geographical boundaries of the emergency telephone or 9-1-1 service district."
- The billing and collection of an operational charge and that portion of the technical charge used for billing cost would begin as soon as feasible after the final 9-1-1 service plan had been approved. The billing and collection of the technical charge not

Senate Bill 849 (2-1-94)

already collected for billing costs would begin as soon as feasible after installation and operation of the 9-1-1 system. Currently, billing and collection of all charges begins after installation and operation of the system.

-- Currently, the act permits, until January 1, 1996, a county with a population of under 500,000 to assess an amount for recurring emergency telephone operational costs and charges (the operational surcharge) not to exceed four percent of the highest monthly flat rate charged by a service supplier for a one-party access line. The same counties can, with voter approval, assess up to 16 percent. The bill would remove the population restriction and the sunset. This would allow all counties to assess these charges indefinitely.

-- Operational funds would be distributed by a county or counties to the primary PSAPs (primary public safety answering points) as provided in the final 9-1-1 service plan. If distribution was not provided for in the plan, the distribution would be according to any agreement between the county and public agencies. If there was no agreement, distribution would be according to the distribution of access lines within the primary PSAPs. However, if a county had multiple emergency telephone districts before the bill's effective date, operational funds would be distributed in proportion to the amount of access lines. (The bill would provide that if a county board had created multiple districts prior to the effective date of the bill, the districts would receive all operational funds collected by the service supplier and operate the systems.) The bill says it would not preclude the distribution of funding to secondary PSAPs if the distribution was determined by the primary PSAPs within the district to be the most effective method for dispatching of fire or emergency medical services and the distribution was approved within the final 9-1-1 service plan. A secondary PSAP is a communications facility of a public safety agency or private safety entity that receives 9-1-1 calls by the transfer method only and generally serves as a centralized location for a particular type of emergency call (e.g., an ambulance service).

-- Operational charge funds collected and expended under the act would have to be used exclusively for the operation of the 9-1-1 system. Each PSAP or secondary PSAP would be required to assure that fund accounting, auditing, monitoring, and evaluation procedures were provided. The

accounting procedures would have to provide for accurate and timely recording of receipt and disbursement of funds by source. An annual audit would have to be conducted by an independent auditor using generally accepted accounting principles, and copies of the annual audit would be available for public inspection. The operating charges could not be expended if an audit had not been performed as required within 120 days of the end of the fiscal year.

-- The bill would allow the board of commissioners of a county to create an emergency telephone district board and delegate certain powers to it. The district board would have authority over an emergency telephone district as prescribed by the county or counties that created it. A county would be required to create such a board if it created a consolidated dispatch within a district after the bill's effective date. A consolidated dispatch, under the bill, would mean a countywide or regional emergency dispatch service that provided dispatch service for 75 percent or more of the law enforcement, fire fighting, emergency medical service, and other emergency service agencies within the geographical area of a 9-1-1 service district or served 75 percent or more of the population within a 9-1-1 service district. A consolidated dispatch would have to provide full public safety dispatching services for service requests for the participating sheriff departments, state police, and other participating public safety agencies within the 9-1-1 service district. The membership of the district board and the board's powers and duties would be determined by the county commissioners. However, membership would have to include a designated representative of the county sheriff and a representative of the state police, designated by the director. If the district consisted of more than one county, the sheriff representative would be appointed by the president of the Michigan Sheriffs' Association. A county or other public agency could make appropriations to the district board. A public agency could contract with the district board, and individuals who were both members of the board and the governing body of the public agency could vote both on the board and the body if approved by the contract.

-- The bill would specify that, with the approval of the county commissioners in a county with a population of two million or more, four or more cities could create a universal emergency number service system (a 9-1-1 system).

-- The emergency telephone service committee would be transferred from the Department of Management and Budget to the Department of State Police and its membership expanded from 13 to 17 members. The four new members would be: the president of the Michigan Chapter of the Associated Public Safety Communications Officers or a designated representative; the president of the Michigan Chapter of the National Emergency Number Association or a designated representative; the president of the Telephone Association of Michigan or a designated representative; the executive director of the Upper Peninsula Emergency Medical Services Corporation or a designated representative. One current member, the director of the office of criminal justice (in DMB) would be replaced by the executive director of the Deputy Sheriffs Association of Michigan, and one of the three public members would have to be a representative of the Michigan Center of Rural Health. The chapter in the act governing the committee is due to be repealed March 31, 1998. The repeal would be moved up to December 31, 1995.

-- The act itself would be repealed effective December 31, 2002.

HOUSE COMMITTEE ACTION:

The House Public Utilities Committee adopted a number of technical amendments to the Senate-passed version and incorporated them into a House substitute.

FISCAL IMPLICATIONS:

The Senate Fiscal Agency reports that the bill would have an indeterminate but minimal impact on the Department of State Police and would reduce administrative costs of the Department of Management and Budget due to transfer of the Emergency Telephone Service Committee. The SFA says the DMB employs an analyst and a secretary to administer the committee, but the state police intend to use existing employees and provide \$2,000 for committee meeting expenses. Costs to local units of government, says the SFA, would remain at the discretion of those units. The four counties with populations of 500,000 or more would gain additional ability to surcharge telephone bills. (12-7-93)

ARGUMENTS:

For:

The bill is aimed at enhancing the state's 9-1-1 system, based on recommendations from the statewide Emergency Telephone Service Committee. It would strengthen local control of 9-1-1 systems and encourage counties to cooperate in creating joint systems. By making the billing districts coterminous with service districts, the bill removes an obstacle to the use of telephone surcharges to fund 9-1-1 systems. Currently, telephone customers are billed by telephone exchange area not 9-1-1 geographical area, which causes a number of problems. It particularly leads to people claiming they are being unfairly taxed when they do not receive the appropriate level of services. This problem will be overcome. One result will be that it will be easier for counties to join together for 9-1-1 programs with surcharges levied systemwide. (Reportedly, Emmet, Charlevoix, and Cheboygan counties are planning a joint operation.) It also allows all counties to make use of operational surcharges. At present, the four largest counties have not been able to use them. The decisions will be left in the hands of local officials and, for some assessments, local voters. It also allows for the use of surcharges as soon as a 9-1-1 plan is finalized so that funds will be available to get the program underway. In addition, the bill encourages the creation of local controlling organizations for 9-1-1 systems and requires audits of local 9-1-1 operations.

Against:

Some people object to the provision in the bill that allows for the distribution of funds to secondary PSAPs. While it would be acceptable to provide these agencies and entities with communication equipment, the case has not been made that funds should be provided to them out of 9-1-1 charges. The provision was not in the original bill or in the committee's recommendations. Counties could find themselves under pressure from other units of government to distribute 9-1-1 funds to local public safety agencies, and it could lead to a proliferation of eligible PSAPs. In some cases, this could lead to 9-1-1 funds going to private organizations, such as ambulance services. Secondary PSAPs should be able to fund their own operations.

Response:

The bill would leave it up to a 9-1-1 service plan whether distributing funds to secondary PSAPs is appropriate. It does not require funding, but says

it is not precluded. It will be matter for local decisionmaking.

POSITIONS:

Following are some of the organizations whose representatives indicated support for the bill before the House Public Utilities Committee: the Emergency Telephone Service Committee; the Michigan State Police; the Michigan Sheriffs' Association; the Michigan Association of Ambulance Services; the Deputy Sheriffs Association of Michigan; the Kent County 9-1-1; the Michigan Association of Counties; the Ottawa County 9-1-1; the Associated Public Safety Communications Officers; Tuscola Central Dispatch; and the Troy Police Department. Representatives of Genesee County 9-1-1 and Genesee County Communications Consortium indicated support for the bill with an amendment to eliminate the provision allowing funds to be distributed to secondary PSAPs. (1-25-94)