

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2009

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HOUSE BILL 1691  
Corrected Copy 5/17/10  
Committee Substitute Favorable 6/10/10  
PROPOSED COMMITTEE SUBSTITUTE H1691-PCS80637-TDf-95

Short Title: Use of 911 Funds.

(Public)

Sponsors:

Referred to:

May 13, 2010

1 A BILL TO BE ENTITLED  
2 AN ACT TO AMEND THE STATUTES GOVERNING EMERGENCY TELEPHONE  
3 SERVICE AS RECOMMENDED BY THE HOUSE SELECT COMMITTEE ON THE  
4 USE OF 911 FUNDS.

5 The General Assembly of North Carolina enacts:

6 **SECTION 1.(a)** G.S. 62A-41 reads as rewritten:

7 "(a) Membership. – The 911 Board is established in the Office of Information  
8 Technology Services. Neither a local government unit that receives a distribution from the fund  
9 under G.S. 62A-46 nor a telecommunication service provider may have more than one  
10 representative on the 911 Board. The 911 Board consists of 17 members as follows:

11 (1) Four members appointed by the Governor as follows:

- 12 a. An individual who represents ~~municipalities~~ a municipality where a  
13 primary PSAP is located appointed upon the recommendation of the  
14 North Carolina League of Municipalities.  
15 b. An individual who represents ~~counties~~ a county where a primary  
16 PSAP is located appointed upon the recommendation of the North  
17 Carolina Association of County Commissioners.  
18 c. An individual who represents a VoIP provider.  
19 d. An individual who represents the North Carolina chapter of the  
20 National Emergency Number Association (NENA).

21 (2) Six members appointed by the General Assembly upon the recommendation  
22 of the Speaker of the House of Representatives as follows:

- 23 a. An individual who is a sheriff.  
24 b. ~~Two individuals~~ An individual who ~~represent~~ represents CMRS  
25 providers operating in North Carolina.  
26 c. An individual who represents the North Carolina chapter of the  
27 Association of Public Safety Communications Officials (APCO).  
28 d. Two individuals who represent local exchange carriers operating in  
29 North Carolina, one of whom represents a local exchange carrier  
30 with less than 50,000 access lines.  
31 e. A fire chief with experience operating or supervising a PSAP upon  
32 the recommendation of the North Carolina Firemen's Association.



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- 1 (3) Six members appointed by the General Assembly upon the recommendation  
 2 of the President Pro Tempore of the Senate as follows:  
 3 a. An individual who is a chief of police.  
 4 b. Two individuals who represent CMRS providers operating in North  
 5 Carolina.  
 6 c. ~~An individual who represents the North Carolina chapter of the~~  
 7 ~~National Emergency Number Association (NENA). A Rescue or~~  
 8 ~~Emergency Medical Services Chief with experience operating or~~  
 9 ~~supervising a PSAP upon the recommendation of the North Carolina~~  
 10 ~~Association of Rescue & Emergency Medical Services.~~  
 11 d. Two individuals who represent local exchange carriers operating in  
 12 North Carolina, one of whom represents a local exchange carrier  
 13 with less than 200,000 access lines.
- 14 (4) The State Chief Information Officer or the State Chief Information Officer's  
 15 designee, who serves as the chair.
- 16 (b) Term. – A member's term is four years. No member may serve more than two terms.  
 17 Members remain in office until their successors are appointed and qualified. Vacancies are  
 18 filled in the same manner as the original appointment. The Governor may remove any member  
 19 for misfeasance, malfeasance, or nonfeasance in accordance with G.S. 143B-13(d).

20 ...."

21 **SECTION 1.(b)** Other than the positions removed by this act or individuals  
 22 prohibited from serving on the Board due to duplicate representation prohibited by this act, the  
 23 existing members of the 911 Board shall continue to serve until the expiration of their original  
 24 terms. An existing member may not be reappointed to the Board if he or she has served two  
 25 terms on the 911 Board.

26 **SECTION 2.(a)** G.S. 62A-42(a) reads as rewritten:

27 "(a) Duties. – The 911 Board has the following powers and duties:

28 ...

29 (4) To establish ~~policies and procedures~~policies, procedures, and primary PSAP  
 30 operating standards to fund advisory services and training for PSAPs and to  
 31 provide funds in accordance with these ~~policies and procedures~~policies,  
 32 procedures, and standards for PSAP operations.

33 ...

34 (9) To adopt rules to implement this Article. This authority does not include the  
 35 regulation of any enhanced 911 service, such as the establishment of  
 36 technical ~~standards~~standards for telecommunications service providers to  
 37 deliver 911 voice and data.

38 (9a) To design, create, or acquire printed or Web-based public education  
 39 materials regarding the proper use of 911.

40 ...."

41 **SECTION 2.(b)** G.S. 62A-46(e) is amended by adding a new subdivision to read:

42 "(5) A primary PSAP must comply with the rules, policies, procedures, and  
 43 operating standards for primary PSAPs adopted by the Board."

44 **SECTION 2.(c)** Subsection (b) of this section becomes effective July 1, 2011.

45 **SECTION 3.** G.S. 62A-42(b) reads as rewritten:

46 "(b) Prohibition. – In no event shall the 911 Board or any other State agency lease,  
 47 construct, operate, or own a communications network for the purpose of providing 911 service.  
 48 The 911 Board may pay private sector vendors for provisioning a network for the purpose of  
 49 providing 911 service."

50 **SECTION 4.(a)** G.S. 62A-42(a)(6) reads as rewritten:

1           "(6) To make and enter into contracts and agreements necessary or incidental to  
2           the performance of its powers and duties under this Article and to use  
3           revenue available to the 911 Board under G.S. 62A-44 for administrative  
4           expenses to pay its obligations under the contracts and agreements. The  
5           Board may use funds available to the Board under G.S. 62A-47 to pay its  
6           obligations incurred for Statewide 911 Projects."

7           **SECTION 4.(b)** G.S. 62A-45(c) reads as rewritten:

8           "(c) Grant Reallocation. – If the amount of reimbursements to CMRS providers by the  
9           911 Board for a fiscal year is less than the amount of funds allocated for reimbursements to  
10          CMRS providers for that fiscal year, the 911 Board may reallocate part ~~or all~~ of the excess  
11          amount to the PSAP Grant and Statewide 911 Projects Account established under G.S. 62A-47.  
12          The 911 Board may reallocate funds under this subsection only once each calendar year and  
13          may do so only within the three-month period that follows the end of the fiscal year. If the 911  
14          Board reallocates more than a total of three million dollars (\$3,000,000) to the PSAP Grant and  
15          Statewide 911 Projects Account in a calendar year, it must consider reducing the amount of the  
16          service charge in G.S. 62A-44 to reflect more accurately the underlying costs of providing 911  
17          system services.

18          The 911 Board must make the following findings before it reallocates funds to the PSAP  
19          Grant and Statewide 911 Projects Account:

- 20           (1) There is a critical need for additional funding for PSAPs in rural or high-cost  
21           areas to ensure that enhanced 911 service is deployed throughout the State.  
22           (2) The reallocation will not impair cost recovery by CMRS providers.  
23           (3) The reallocation will not result in the insolvency of the 911 Fund."

24          **SECTION 4.(c)** G.S. 62A-47 reads as rewritten:

25          "**§ 62A-47. PSAP Grant and Statewide 911 Projects Account.**

26          ...

27          (b) Grant Application. – A PSAP may apply to the 911 Board for a grant from the  
28          ~~PSAP Grant~~ Account. An application must be submitted in the manner prescribed by the 911  
29          Board. The 911 Board may approve a grant application and enter into a grant agreement with a  
30          PSAP if it determines all of the following:

- 31           (1) The costs estimated in the application are reasonable and have been or will  
32           be incurred for the purpose of promoting a cost-effective and efficient 911  
33           system.  
34           (2) The expenses to be incurred by the applicant are consistent with the 911  
35           State Plan.  
36           (3) There are sufficient funds available in the fiscal year in which the grant  
37           funds will be distributed.  
38           (4) The costs are authorized PSAP costs under G.S. 62A-46(c).

39          (c) Grant Agreement. – A grant agreement between the 911 Board and a PSAP must  
40          include the purpose of the grant, the time frame for implementing the project or program  
41          funded by the grant, the amount of the grant, and a provision for repaying grant funds if the  
42          PSAP fails to comply with any of the terms of the grant. The amount of the grant may vary  
43          among grantees. If the grant is intended to promote the deployment of enhanced 911 service in  
44          a rural area of the State, the grant agreement must specify how the funds will assist with this  
45          goal. The 911 Board must publish one or more notices each fiscal year advertising the  
46          availability of grants from the PSAP Grant Account and detailing the application process,  
47          including the deadline for submitting applications, any required documents specifying costs,  
48          either incurred or anticipated, and evidence demonstrating the need for the grant. Any grant  
49          funds awarded to PSAPs under this section are in addition to any funds reimbursed under  
50          G.S. 62A-46.

1       (d)    Statewide 911 Projects. – The Board may use funds from the Account for statewide  
2 projects if the Board determines the project meets all of the following requirements:

3           (1)   The project is consistent with the 911 plan.

4           (2)   The project is cost-effective and efficient when compared to the aggregated  
5 costs incurred by primary PSAPs for implementing individual projects.

6           (3)   The project is an eligible expense under G.S. 62A-46(c).

7           (4)   The project will have statewide benefit for 911 service."

8       **SECTION 4.(d)** G.S. 62A-43(d) reads as rewritten:

9       "(d)    Adjustment of Charge. – The 911 Board must monitor the revenues generated by the  
10 service charge. If the 911 Board determines that the rate produces revenue in excess of or  
11 insufficient for the amount needed, the 911 Board ~~must reduce~~ may adjust the rate. The ~~reduced~~  
12 rate must ensure full cost recovery for voice communications service providers and for primary  
13 PSAPs over a reasonable period of time. A change in the amount of the rate becomes effective  
14 only on July 1 of an ~~even-numbered~~ any year. The 911 Board must notify providers of a change  
15 in the rate at least 90 days before the change becomes effective."

16       **SECTION 5.** G.S. 62A-44(b) reads as rewritten:

17       "(b)    Allocation of Revenues. – The percentage of the funds remitted under G.S. 62A-43  
18 which ~~The~~ the 911 Board may deduct and retain for its administrative expenses is initially set at  
19 one percent (1%) of the total service charges collected. The 911 Board must monitor the  
20 amount of funds required to meet its financial commitment to providing technical assistance to  
21 primary PSAPs and may, if costs warrant, adjust the percentage up to two percent (2%) of the  
22 total service charges collected. ~~up to one percent (1%) of the total service charges remitted to it~~  
23 ~~under G.S. 62A-43 for deposit in the 911 Fund.~~ The remaining revenues remitted to the 911  
24 Board for deposit in the 911 Fund are allocated as follows:"

25       **SECTION 6.(a)** G.S. 62A-46(a) reads as rewritten:

26       "(a)    Monthly Distribution. – The 911 Board must make monthly distributions to primary  
27 PSAPs from the amount allocated to the 911 Fund for PSAPs. A PSAP is not eligible for a  
28 distribution under this section unless it provides enhanced 911 service and received  
29 distributions from the 911 Board in the prior fiscal year. The Board must comply with all of the  
30 following:

31           (1)   Administration. – The Board must notify PSAPs of the estimated  
32 distributions no later than December 31 of each year. The Board must  
33 determine actual distributions no later than June 1 of each year. The Board  
34 must determine a method for establishing distributions that is equitable and  
35 sustainable and that ensures distributions for eligible operating costs and  
36 anticipated increases for all funded PSAPs. The Board must establish a  
37 formula to determine each PSAP's base amount. The formula must be  
38 determined and published to PSAPs in the first quarter of the fiscal year  
39 preceding the fiscal year in which the formula is used. The Board must not  
40 change the funding formula for the base amount more than once every year.

41           (2)   Reports. – The Board must report to the Joint Legislative Commission on  
42 Governmental Operations, the Revenue Laws Study Committee, and the  
43 Joint Legislative Utility Review Committee within 45 days of a change in  
44 the funding formula. The report must contain a description of the the  
45 differences in the old and new formulas and the projected distributions to  
46 each PSAP from the new formula.

47           (3)   Formula. – The funding formula established by the Board must consider all  
48 of the following:

49           a.    The population of the area served by a PSAP.

50           b.    PSAP reports and budgets, disbursement histories, and historical  
51 costs.

- 1           c.     PSAP operations, 911 technologies used by the PSAP, compliance  
 2           with operating standards of the 911 Board, level of service a PSAP  
 3           delivers dispatching fire, Emergency Medical Services, law  
 4           enforcement, and Emergency Medical Dispatch.  
 5           d.     The tier designation of the county in which the PSAP is located as  
 6           designated in G.S. 143B-437.08.  
 7           e.     Any interlocal government funding agreement between a primary  
 8           PSAP and a secondary PSAP provided the secondary PSAP was in  
 9           existence as of June 1, 2010, receives funding under the agreement,  
 10          and is within the service area of the primary PSAP.  
 11          f.     Any other information deemed proper by the Board.

- 12       (4)     Additional distributions. – In the first quarter of the Board's fiscal year, the  
 13       Board must determine whether payments to PSAPs during the preceding  
 14       fiscal year exceeded or were less than the eligible costs incurred by each  
 15       PSAP during the fiscal year. If a PSAP receives less than its eligible costs in  
 16       any fiscal year, the Board may increase a PSAP's distribution in the  
 17       following fiscal year above the base amount as determined by the formula to  
 18       meet the estimated eligible costs of the PSAP as determined by the Board.  
 19       The Board may not distribute less than the base amount to each PSAP except  
 20       as provided in subsection (b1) of this section. The Board must provide a  
 21       procedure for a PSAP to request a reconsideration of its distribution or  
 22       eligible expenses.

23       ~~The amount to be distributed to each primary PSAP is the sum of the following:~~

- 24       (1)     ~~The PSAP's base amount. — The PSAP's base amount is the amount the~~  
 25       ~~PSAP received in the fiscal year ending June 30, 2007, and deposited in the~~  
 26       ~~Emergency Telephone System Fund of its local governing entity, as reported~~  
 27       ~~to the State Treasurer's Office, Local Government Division.~~  
 28       (2)     ~~The PSAP's per capita amount. — The PSAP's per capita amount is the~~  
 29       ~~PSAP's per capita share of the amount designated by the Board under~~  
 30       ~~subsection (b) of this section for the per capita distribution. The 911 Board~~  
 31       ~~must use the most recent population estimates certified by the State Budget~~  
 32       ~~Officer in making the per capita distribution under this subdivision. A PSAP~~  
 33       ~~is not eligible for a distribution under this subdivision unless it provides~~  
 34       ~~enhanced 911 service."~~

35       **SECTION 6.(b)** G.S. 62A-46 is amended by adding a new subsection to read:

36       "**(b1)** Carryforward. – A PSAP may carry forward distributions for eligible expenditures  
 37       for capital outlay, capital improvements, or equipment replacement. Amounts carried forward  
 38       to the next fiscal year from distributions made by the Board may not be used to lower the  
 39       distributions in subsection (a) of this section unless the amount is greater than twenty percent  
 40       (20%) of the average yearly amount distributed to the PSAP in the prior two years. The Board  
 41       may allow a PSAP to carry forward a greater amount without changing the PSAP's  
 42       distribution."

43       **SECTION 6.(c)** Subsection (a) of this section becomes effective July 1, 2010, but  
 44       shall not apply to distributions by the Board in fiscal year beginning in 2010. Subsection (b) of  
 45       this section becomes effective July 1, 2011, and applies to distributions made on or after that  
 46       date.

47       **SECTION 7.(a)** G.S. 62A-40 reads as rewritten:

48       "**§ 62A-40. Definitions.**

49       The following definitions apply in this Article.

50       ...

1 (5) Call taking. – The act of processing a 911 call for emergency assistance up  
 2 to the point that the call is ready for dispatch, by a primary PSAP including  
 3 the use of 911 system equipment, call classification, location of a caller, and  
 4 determination of the appropriate response level for emergency  
 5 responders, responders, and dispatching 911 call information to the  
 6 appropriate responder.

7 ...

8 (9) Enhanced 911 service. – Directing a 911 call to an appropriate PSAP by  
 9 selective routing or other means based on the geographical location from  
 10 which the call originated and providing information defining the  
 11 approximate geographic location and the telephone number of a 911 caller,  
 12 in accordance with the FCC Order.

13 ...."

14 **SECTION 7.(b)** G.S. 62A-46(c) reads as rewritten:

15 "(c) Use of Funds. – A PSAP that receives a distribution from the 911 Fund may not use  
 16 the amount received to pay for the lease or purchase of real estate, cosmetic remodeling of  
 17 emergency dispatch centers, hiring or compensating telecommunicators, or the purchase of  
 18 mobile communications vehicles, ambulances, fire engines, or other emergency vehicles.  
 19 Distributions received by a PSAP may be used only to pay for the following:

20 (1) The lease, purchase, or maintenance of emergency telephone equipment,  
 21 including necessary computer hardware, software, and database  
 22 provisioning, addressing, telecommunicator furniture, dispatch equipment  
 23 located exclusively within a building where a primary PSAP is located  
 24 excluding the costs of base station transmitters, towers, microwave links and  
 25 antennae used to dispatch emergency call information from the PSAP, and  
 26 nonrecurring costs of establishing a 911 system.

27 (2) Expenditures for in-State training of 911 personnel regarding the  
 28 maintenance and operation of the 911 system. Allowable training expenses  
 29 include the cost of transportation, lodging, instructors, certifications,  
 30 improvement programs, quality assurance training, ~~and~~ training associated  
 31 with call taking, and emergency medical, fire, or law enforcement  
 32 ~~procedures.~~ procedures, and training specific to managing a primary PSAP or  
 33 supervising primary PSAP staff. Training outside the State is not an eligible  
 34 expenditure unless the training is unavailable in the State or the PSAP  
 35 documents that the training costs are less if received out-of-state. Training  
 36 specific to the receipt of 911 calls is allowed only for intake and related call  
 37 taking quality assurance and improvement. Instructor certification costs and  
 38 course required prerequisites, including physicals, psychological exams, and  
 39 drug testing, are not allowable expenditures.

40 ...."

41 **SECTION 8.** G.S. 62A-47(a) reads as rewritten:

42 "(a) Account Established. – A PSAP Grant and Statewide 911 Projects Account is  
 43 established within the 911 Fund for the purpose of making grants to PSAPs in rural and other  
 44 high-cost ~~areas.~~ areas and funding projects that provide statewide benefits for 911 service. The  
 45 911 Board may approve grants for the noneligible expenses of consolidating one or more  
 46 PSAPs with a primary PSAP and the relocation costs of primary PSAPs, including construction  
 47 costs. The Account consists of revenue allocated by the 911 Board under G.S. 62A-45(c) and  
 48 G.S. 62A-46."

49 **SECTION 9.** Fifty percent (50%) of funds in the Emergency Telephone System  
 50 Fund on the effective date of this act may be used for providing for the public safety needs  
 51 provided by the entity, including costs that are not eligible expenses under G.S. 62A-46. The

1 expenditures must be made in fiscal years 2010-2011 and 2011-2012. Any local governing  
2 entity is not relieved of any prior obligation incurred for uses authorized by G.S. 62A-46. All  
3 other funds in the Emergency Telephone System Fund must be used for eligible expenses under  
4 Article 3 of Chapter 62A of the General Statutes.

5           **SECTION 10.** The House Select Committee on the Use of 911 Funds shall study  
6 the funding of secondary PSAPs and whether secondary PSAPs should be eligible to receive  
7 distributions from the 911 Board.

8           **SECTION 11.** Unless otherwise provided, this act becomes effective July 1, 2010.