



**FINAL
FISCAL NOTE**

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 16-0923
Prime Sponsor(s): Rep. Rankin
Sen. Grantham

Date: September 20, 2016
Bill Status: Postponed Indefinitely
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BILL TOPIC: HIGH COST SUPPORT MECHANISM FUNDS

Summary of Legislation

This bill, ***recommended by the Joint Budget Committee***, clarifies that if, in a given year, the amount of contributions to the High Cost Support Mechanism (HCSM) from all telecommunications companies is reduced from the amount of contributions in the previous year by an amount equal to or greater than the statutory reduction percentage, the statutory reduction percentage need not be applied.

Background

The Public Utilities Commission (PUC) provides financial assistance to telecommunications companies that provide basic telephone or broadband service in areas that lack effective competition by assessing a surcharge on all telecommunications companies in the state, and allocating those contributions to the HCSM. A portion of the HCSM is transferred to the Broadband Fund, which is administered by the Broadband Deployment Board (board). The board awards grants for projects aimed at deploying broadband service in underserved areas of the state.

Under current law, from 2016 to 2023, the HCSM is statutorily reduced by a percentage of the amount of contributions that were allocated to the Broadband Fund in the previous year. For example, if the HCSM transfers \$5 million to the Broadband Fund in 2016, then the total amount of HCSM contributions in 2016 must be reduced by 5 percent of the transfer, or \$250,000. If the HCSM collects \$42.5 million in contributions in 2015, the total contributions collected in 2016 must be no more than \$42.25 million. Current projections of contributions fall significantly below this limit.

Assessment

This bill provides clarity to existing state law. The bill will not affect state revenues or expenditures in any way. As such, it is assessed as having no fiscal impact.

Effective Date

The bill was postponed indefinitely by the House Transportation and Energy Committee on February 24, 2016.

State and Local Government Contacts

Information Technology Regulatory Agencies