

By: Rodriguez

H.B. No. 4373

A BILL TO BE ENTITLED

AN ACT

relating to the universal service fund.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 151.801, Tax Code, is amended by amending Subsection (a) and adding Subsection (d-1) to read as follows:

(a) Except for the amounts allocated under Subsections (b), (c), (c-2), ~~[and]~~ (c-3), and (d-1), all proceeds from the collection of the taxes imposed by this chapter shall be deposited to the credit of the general revenue fund.

(d-1) The first \$200 million of the proceeds received in a state fiscal year from the collection of the taxes imposed by this chapter on telecommunications services shall be deposited to the credit of the universal service fund sales tax receipts account in the general revenue fund. The comptroller shall determine the amount to be deposited under this subsection according to available statistical data indicating the estimated or actual total proceeds in this state from taxes imposed on the sale of telecommunications services.

SECTION 2. Section 51.002, Utilities Code, is amended to read as follows:

Sec. 51.002. DEFINITIONS. In this subtitle:

(1) "Basic local telecommunications service" means:

(A) flat rate residential and business local

- 1 exchange telephone service, including primary directory listings;
- 2 (B) tone dialing service;
- 3 (C) ~~[access to operator services]~~ access to
- 4 facilities with data transmission capability;
- 5 (D) access to directory assistance services and
- 6 operator services;
- 7 (E) access to 911 service provided by a local
- 8 authority or dual party relay service;
- 9 (F) the ability to report service problems seven
- 10 days a week;
- 11 (G) lifeline and tel-assistance services; and
- 12 (H) any other service the commission determines
- 13 after a hearing is a basic local telecommunications service.

14 SECTION 3. Subchapter A, Chapter 56, Utilities Code, is

15 amended by adding Sections 56.003 and 56.004 to read as follows:

16 Sec. 56.003. COMPTROLLER. A reference in this chapter to

17 the commission means the comptroller.

18 Sec. 56.004. PROHIBITION AGAINST CROSS-SUBSIDIZATION (a) A

19 company that the commission determines willfully and knowingly uses

20 support received under this chapter to subsidize an activity of the

21 company that is not subject to rate regulation under this subtitle

22 will be subject to a fine by the commission of up to \$100,000. The

23 commission may, by rule, determine a procedure for terminating the

24 certification of a company that is found to have an ongoing pattern

25 of such subsidization.

26 SECTION 4. Section 56.021, Utilities Code, is amended to

27 read as follows:

1 Sec. 56.021. UNIVERSAL SERVICE FUND ESTABLISHED; SALES TAX
2 RECEIPTS ACCOUNT. (a) The commission shall adopt and enforce rules
3 requiring local exchange companies to establish a universal service
4 fund to:

5 (1) assist telecommunications providers in providing
6 basic local telecommunications service at reasonable rates in high
7 cost rural areas under two plans:

8 (A) the Texas High Cost Universal Service Plan
9 (16 T.A.C. Section 26.403); and

10 (B) the Small and Rural Incumbent Local Exchange
11 Company Universal Service Plan (16 T.A.C. Section 26.404);

12 (2) reimburse the telecommunications carrier that
13 provides the statewide telecommunications relay access service
14 under Subchapter D;

15 (3) finance the specialized telecommunications
16 assistance program established under Subchapter E;

17 (4) reimburse the department and the commission for
18 costs incurred in implementing this chapter and Chapter 57;

19 (5) reimburse a telecommunications carrier providing
20 lifeline service as provided by 47 C.F.R. Part 54, Subpart E, as
21 amended;

22 (6) finance the implementation and administration of
23 the identification process under Section 17.007 for
24 telecommunications services;

25 (7) reimburse a designated provider under Subchapter
26 F;

27 (8) reimburse a successor utility under Subchapter G;

1 and

2 (9) finance the program established under Subchapter
3 H.

4 (b) The universal service fund sales tax receipts account is
5 an account in the general revenue fund administered by the
6 commission. The account consists of revenue deposited to the
7 account under Section 151.801(d-1), Tax Code. Money in the account
8 is available to be appropriated for the purposes of this chapter.

9 SECTION 5. Subchapter B, Chapter 56, Utilities Code, is
10 amended by adding Sections 56.034 and 56.035 to read as follows:

11 Sec. 56.034. SUPPORT ALLOCATION. Notwithstanding another
12 provision of this chapter, the commission shall subdivide each
13 exchange that serves both urban and rural areas and may require that
14 support distributed under this chapter be used only for a rural
15 portion of a subdivided exchange.

16 Sec. 56.035. TRANSITION. (a) The commission shall create
17 and publish a plan to:

18 (1) over a 5-year period, gradually reduce the amount
19 of distributions made from the fund for programs other than the
20 programs described by Section 56.021(1);

21 (b) The plan must include recommendations for statutory
22 changes necessary to authorize the commission to execute the plan.

23 SECTION 6. (a) In this section, "commission" means the
24 Public Utility Commission of Texas.

25 (b) On September 1, 2021:

26 (1) all functions and activities related to the
27 universal service fund established under Chapter 56, Utilities

1 Code, performed by the commission immediately before that date are
2 transferred to the comptroller;

3 (2) all rules, fees, policies, procedures, decisions,
4 and forms related to the universal service fund adopted by the
5 commission are continued in effect as rules, fees, policies,
6 procedures, decisions, and forms of the comptroller, as applicable,
7 and remain in effect until amended or replaced by the comptroller;

8 (3) a complaint, investigation, contested case, or
9 other proceeding related to the universal service fund before the
10 commission that is pending on September 1, 2021, is transferred
11 without change in status to the comptroller;

12 (4) all money, contracts, leases, property, and
13 obligations related to the universal service fund are transferred
14 to the comptroller;

15 (5) all property related to the universal service fund
16 in the custody of the commission is transferred to the comptroller;
17 and

18 (6) the unexpended and unobligated balance of any
19 money appropriated by the legislature for the commission for the
20 purpose of administering the universal service fund is transferred
21 to the comptroller.

22 (c) The commission shall provide the comptroller with
23 access to any systems or information necessary for the comptroller
24 to administer the universal service fund.

25 (d) On September 1, 2021, all full-time equivalent employee
26 positions at the commission that primarily concern the
27 administration or enforcement of the universal service fund become

1 positions at the office of the comptroller.

2 SECTION 7. This Act takes effect September 1, 2021.