

Amend Floor Amendment No. 1 by Fraser to **SB 21**, in SECTION 13 of the amendment, by striking added Section 56.029, Utilities Code, and substituting the following:

Sec. 56.029. UNIVERSAL SERVICE FUND STUDY; ATTESTATION REQUIREMENT. (a) The commission shall conduct a review and evaluation of whether the universal service fund accomplishes the fund's purposes as prescribed by Section 56.021 and the commission's final orders issued in Docket No. 18515 and Docket No. 18516. The evaluation shall determine whether the fund's purposes have been sufficiently achieved, whether the fund should be abolished or phased out, whether the fund should be brought within the state's treasury, and whether the entities receiving those funds are spending the money for its intended purposes. The evaluation must include a forward-looking, comprehensive assessment of the appropriate use of the money in the fund and the manner in which that money is collected and disbursed.

(b) Not later than January 1, 2006, the commission shall require telecommunications providers receiving disbursements under the universal service fund to provide to the commission the information that the commission determines is necessary to discharge the commission's duties under this section, including information necessary to review and evaluate how money is collected for the universal service fund and expended.

(c) Information provided under Subsection (b) is confidential and is not subject to disclosure under Chapter 552, Government Code.

(d) The commission may classify telecommunications providers as the commission considers appropriate for efficiency and may permit providers to share the cost of developing information the commission determines is necessary to discharge the commission's responsibilities under this section.

(e) Not later than January 5, 2007, the commission shall deliver to the legislature a report for the legislature's revision and approval on the results of the review and evaluation. The report must:

(1) include recommendations that are consistent with the policies provided by this title;

(2) include the commission's assessment of the universal service fund, including:

(A) how the money in the fund should be collected;

(B) how the money in the fund should be disbursed and the purposes for which the money should be used by the telecommunications provider receiving the money; and

(C) any recommendations the commission has in relation to accountability for use of the money, including the usefulness of the attestation required by Subsection (g); and

(3) include recommendations that ensure that a telecommunications provider's support from the universal service fund for a geographic area is consistent with Section 56.021 and the commission's final orders issued in Docket No. 18515 and Docket No. 18516.

(f) The evaluation shall determine whether the fund's purposes have been sufficiently achieved, whether the fund should be abolished or phased out, whether the fund should be brought within the state's treasury, and whether the entities receiving those funds are spending the money for its intended purposes.

(g) Not later than December 31, 2005, each telecommunications provider receiving universal service funds shall file with the commission an affidavit attesting that the money from the fund has been used in a manner that is consistent with the purposes provided by Section 56.021 and the commission's final orders issued in Docket No. 18515 and Docket No. 18516.

(h) In addition to the study required by this section, the commission shall compile information necessary to determine whether the current funding mechanism for the universal service fund will be adequate in the future to sustain the purposes for which the fund was created considering the development of new technologies that are not subject to the existing funding mechanism and the shift in jurisdictional control from this state to the federal government. Not later than January 5, 2007, the commission shall deliver to the legislature a report on this issue. If the commission determines that the existing funding mechanism is not adequate, or proposes to change the manner or level of current

funding, the commission must include recommendations for alternative funding and basic service pricing methods that will be adequate and are consistent with a policy of technology and competitive neutrality in the assessment of fees and other state-imposed economic burdens.

(i) This section expires September 1, 2007.