

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

May 10, 2005

TO: Honorable Troy Fraser, Chair, Senate Committee on Business & Commerce

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: HB789 by King, Phil (Relating to communications; providing penalties.), **As Engrossed**

No significant fiscal implication to the State is anticipated.

The bill would amend the Utilities Code to restructure the regulatory parameters for telecommunications in Texas. The bill would establish a path for further deregulation of the incumbent local exchange companies' (ILECs) local service rates, reducing switched access charges, eliminate certain regulatory requirements of ILECs, and provide for a third-party review and analysis of the Universal Service Fund.

The bill would delegate to counties the authority to regulate cell tower siting.

The bill would repeal Chapter 57, Subchapter C of the Utilities Code, related to the Telecommunications Infrastructure Fund. Because the fund is currently set to expire September 1, 2005, it is not anticipated that repealing this Chapter would have a fiscal impact.

The bill would direct most appeals of Public Utility Commission (PUC) orders related to telecommunications fair competition and competitive safeguards to the Third Court of Appeals in Travis County. In addition, the bill would result in the referral to the State Office of Administrative Hearings of additional contested cases by PUC.

The analysis of the Public Utility Commission indicates that any net increase in costs associated with the bill could be absorbed within existing resources.

The Third Court of Appeals in Travis County indicates that the bill would generate additional appeals to the Court. However, this estimate assumes that the cost of additional appeals to the Court would be offset by case transfers to other intermediate appellate courts under the Supreme Court's equalization of the dockets program.

It is anticipated that any increase in costs associated with the bill for the State Office of Administrative Hearings could be absorbed within the agency's existing resources.

The Comptroller of Public Accounts indicates that any administrative costs associated with the bill could be absorbed within the agency's existing resources. The Comptroller of Public Accounts also indicates that the effect of repealing the fee on automatic dial announcing devices would not be significant.

The bill would take effect September 1, 2005.

Local Government Impact

The Public Utility Commission anticipates that local municipalities could be impacted by amended Section 54.204 regarding pole attachment fees, and the repeal of Section 54.2025 which currently allows municipalities to lease dark fiber.

Source Agencies: 473 Public Utility Commission of Texas, 304 Comptroller of Public Accounts, 223 Third Court of Appeals District, Austin, 360 State Office of Administrative Hearings, 475 Office of Public Utility Counsel, 529 Health and Human Services Commission

LBB Staff: JOB, WP, JRO, MW, RB, KJG, TB