

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

May 20, 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 furthering competition in the telecommunications industry.), **Committee Report 2nd House, Substituted**

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), require the Public Utility Commission (PUC) to initiate a review of the monthly per line support amounts available from the Texas High Cost Universal Service Plan and the Small and Rural Incumbent Local Exchange Company Universal Service Plan, set out provisions regarding switched access rates, provide requirements relating to audio and video programming, establish a Code of Conduct for wholesale providers of telecommunications services, and establish a legislative oversight committee related to the introduction of competition in telecommunications services.

The bill would allow certified telecommunications utilities to recover the telecommunications infrastructure assessment from customers once the balance in the fund exceeds \$1.5 billion from assessment deposits. The bill does not continue the telecommunications infrastructure assessment, and all changes to the fund would take effect only if it is continued.

The bill would require telecommunications providers that receive disbursements from the universal service fund to file an affidavit each year certifying that the provider is in compliance with the requirements for receiving money from and using money from the universal service fund for each program for which the provider receives disbursements.

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 bill would take effect September 1, 2005.

Local Government Impact

The Public Utility Commission anticipates no impact on local government.

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

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