

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

February 22, 2005

TO: Honorable Phil King, Chair, House Committee on Regulated Industries

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

IN RE: HB898 by Turner (Relating to universal service fund support provided to telecommunications providers.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would cap the maximum disbursement from the universal service fund (USF) made to a telecommunications provider at the amount, measured per customer of the telecommunications provider, of the disbursement per customer made to the lowest cost telecommunications provider in the same wire center, and would require a telecommunications provider receiving money from the USF to invest that money in the telecommunications network that provides the supported services, prohibiting the application of USF money to salaries, wages, or other non-network expenses. The Public Utility Commission (PUC) would be required to establish by rule a procedure by which a rural telecommunications provider may offset any reduction in support from the USF through a rate increase. The bill would also allow the PUC to reduce the amount of disbursements from the USF under certain conditions.

The Public Utility Commission indicates that any costs associated with the bill could be absorbed within its existing resources.

The bill would take effect September 1, 2005.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 473 Public Utility Commission of Texas, 475 Office of Public Utility Counsel

LBB Staff: JOB, JRO, MW, RB