

A BILL TO BE ENTITLED

AN ACT

relating to the Texas Connectivity Fund and to the allocation and the use of certain proceeds from the imposition of state sales and use taxes on telecommunications services.

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

SECTION 1. Subtitle F, Title 4, Government Code, is amended by adding Chapter 490J to read as follows:

CHAPTER 490J. TEXAS CONNECTIVITY FUND

Sec. 490J.0101. DEFINITIONS. In this chapter:

(1) "Broadband development account" means the account established by Section 490I.0108.

(2) "Commission" means the Public Utility Commission of Texas.

(3) "Comptroller" means the comptroller of public accounts of the State of Texas.

(4) "Texas Connectivity Fund" or "fund" means the fund established by Section 68, Article III, Texas Constitution.

(5) "Universal service fund" means the fund established by Chapter 56, Utilities Code.

Sec. 490J.0102. DEDICATION OF REVENUE TO FUND. The revenue of the state that is dedicated or appropriated to the fund pursuant to Section 7-e, Article VIII, Texas Constitution, shall be deposited to the fund in accordance with Section 7-e, Article VIII, Texas Constitution.

1 Sec. 490J.0103. ALLOCATION OF FUND REVENUE. (a) At the end
2 of each fiscal year, the commission shall prepare a report
3 detailing the amount of funds necessary to fulfill the requirements
4 of the universal service fund. Upon receipt of that report, the
5 comptroller shall transfer from the Texas Connectivity Fund to the
6 commission the amount designated in the report.

7 (b) The remaining funds deposited in the fund for that
8 fiscal year shall be credited to the broadband development account.

9 SECTION 2. Section [490I.0108\(b\)](#), Government Code, is
10 amended to read as follows:

11 (b) The account consists of:

12 (1) appropriations of money to the account by the
13 legislature, including funds appropriated from the Texas
14 Connectivity Fund;

15 (2) gifts, donations, and grants, including federal
16 grants; and

17 (3) interest earned on the investment of the money in
18 the account.

19 SECTION 3. Section [56.022](#), Utilities Code, is amended to
20 read as follows:

21 Sec. 56.022. REVENUE FROM TEXAS CONNECTIVITY FUND. [~~UNIFORM~~
22 ~~CHARGE. (a)~~] The universal service fund is funded by allocations
23 made by the comptroller from the Texas Connectivity Fund [~~a~~
24 ~~statewide uniform charge payable by each telecommunications~~
25 ~~provider that has access to the customer base].~~

26 [~~(b) A telecommunications provider shall pay the charge in~~
27 ~~accordance with procedures approved by the commission.~~

1 ~~[(c) The uniform charge is on services and at rates the~~
2 ~~commission determines. In establishing the charge and the services~~
3 ~~to which the charge will apply, the commission may not:~~

4 ~~[(1) grant an unreasonable preference or advantage to a~~
5 ~~telecommunications provider,~~

6 ~~[(2) assess the charge on pay telephone service, or~~

7 ~~[(3) subject a telecommunications provider to~~
8 ~~unreasonable prejudice or disadvantage.]~~

9 SECTION 4. Section 56.023(a), Utilities Code, is amended to
10 read as follows:

11 (a) The commission shall:

12 (1) in a manner that assures reasonable rates for
13 basic local telecommunications service, adopt eligibility criteria
14 and review procedures, including a method for administrative
15 review, the commission finds necessary to ~~[fund the universal~~
16 ~~service fund and]~~ make distributions from the universal service
17 fund ~~[that fund];~~

18 (2) determine which telecommunications providers meet
19 the eligibility criteria;

20 (3) determine the amount of and approve a procedure
21 for reimbursement to telecommunications providers of revenue lost
22 in providing tel-assistance service under Subchapter C;

23 (4) establish and collect fees from the universal
24 service fund necessary to recover the costs the department and the
25 commission incur in administering this chapter and Chapter 57;

26 (5) approve procedures for the ~~[collection and]~~
27 disbursement of the revenue of the universal service fund; and

1 (6) audit voucher payments and other expenditures made
2 under the specialized telecommunications assistance program
3 established under Subchapter E.

4 SECTION 5. Section 151.801, Tax Code, is amended by adding
5 Subsection (g) to read as follows:

6 (g) The comptroller shall deposit each fiscal year 50
7 percent of the proceeds from the collection of the taxes imposed by
8 this chapter on telecommunications services to the credit of the
9 Texas Connectivity Fund.

10 SECTION 6. The Public Utility Commission of Texas shall
11 adopt rules consistent with this Act as soon as practicable after
12 the effective date of this Act.

13 SECTION 7. (a) This Act takes effect only if the
14 constitutional amendment proposed by the 88th Legislature, Regular
15 Session, 2023, requiring the automatic appropriation to the Texas
16 Connectivity Fund of part of the proceeds from existing state sales
17 and use taxes on telecommunications services is approved by the
18 voters. If that amendment is not approved by the voters, this Act
19 has no effect.

20 (b) If this Act takes effect as provided by Subsection (a)
21 of this section, this Act takes effect September 1, 2025.