LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
http://www.in.gov/legislative

FISCAL IMPACT STATEMENT

LS 7248 **NOTE PREPARED:** Mar 22, 2013
BILL NUMBER: SB 492 **BILL AMENDED:** Mar 21, 2013

SUBJECT: Various Telecommunications Matters.

FIRST AUTHOR: Sen. Hershman **BILL STATUS:** CR Adopted - 2nd House
FIRST SPONSOR: Rep. Koch

FUNDS AFFECTED: **GENERAL** **IMPACT:** State
X **DEDICATED**
FEDERAL

Summary of Legislation: (Amended) The bill deletes expired provisions concerning rate transition periods for telecommunications service providers. It provides that a tariff filed by a telecommunications service provider as required by the Utility Regulatory Commission (IURC) serves as public notice of the filing of the tariff. It repeals statutes concerning: (1) rate reduction programs; and (2) certain settlement agreements. It deletes certain reporting requirements of communications service providers to the IURC.

The bill limits information requested by the IURC for certain purposes from a communications service provider to public information provided to the Federal Communications Commission.

The bill provides that a communications service provider is not eligible for property tax exemptions for the facilities or technologies used in providing broadband service if the facilities or technologies are used in a location where another communications service provider provides wireline broadband service.

The bill repeals a chapter concerning telephone caller identification services. It repeals the Indiana Lifeline Assistance Program. It also makes conforming amendments.

Effective Date: Upon passage; June 30, 2013; July 1, 2013.

Explanation of State Expenditures: *Indiana Lifeline Assistance Program (ILAP):* The repeal of ILA P will not have any impact on expenditures of the IURC and OUCC. This program has not been implemented. P.L.26 - 2006 required the IURC to undertake efforts to establish the ILAP. The ILAP would provide basic telecommunication services at a reduced rate to eligible customers. An eligible customer is defined as a person who: (1) has an income at or below 150%

of the federal poverty level; and (2) has a household member who receives any of the following:(1) Medicaid. (2) Food stamps. (3) Supplemental Security Income. (4) Federal public housing assistance. (5) Home energy assistance under a program administered by the Lieutenant Governor under IC 4-4-33-1(3) (6) Assistance under the federal Temporary Assistance to Needy Families (TANF) program (45 CFR 260 et seq.) (7) Free lunches under the national school lunch program.

IC 8-1-36 requires that the funding for the ILAP be determined by the IURC after hearing in a manner consistent with comparable federal funding mechanism for Federal lifeline Program. IURC conducted hearings and proposed funding rules for the programs in 2008 and again in 2010. The proposed rules were not approved by State Budget Agency (SBA). The former federal lifeline rules provided a 50% match of state funds. IURC reports that the new federal lifeline rules eliminated the federal match for state lifeline programs so eligible low-income customers will not receive the level of discount as anticipated during the enactment of P.L.26-2006. SBA contends that the cost of the program outweighs the benefit customers will receive.

Repeal of Telephone Caller Identification Services: Under current law, the IURC was required to approve petitions by telecommunication service providers for providing caller ID service. This could reduce IURC administrative cost by a minimal amount beginning in FY 2014.

Any change in administrative costs to the IURC will result in changing the public utility fees paid by the utilities. The IURC and the Office of the Utility Consumer Counselor (OUCC) are funded by public utilities. Each public utility must pay equal to 0.15% of its gross intrastate operating revenues for the preceding calendar year. The actual fee is based on the budgets of IURC and OUCC. At the end of the fiscal year, if the total public utility fees in the Public Utility Fund plus the unspent balance of the Fund exceeds the total appropriations for the IURC and the OUCC (plus a $250,000 contingency fund), then the IURC must compute each utility's share of the excess. This share is then deducted from any subsequent payment of the utility's public utility fees.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: (Revised) *Property Tax Exemption*: Under this provision, a broadband service provider would not be eligible for any property tax exemptions in an area where wireline broadband service is provided. There are currently no property tax exemptions available for broadband service facilities so this provision would have no immediate fiscal impact.

State Agencies Affected: IURC, OUCC, SBA.

Local Agencies Affected:

Information Sources: http://www.in.gov/iurc/2678.htm

Fiscal Analyst: Randhir Jha, 317-232-9556.