

LFC Requester:	Emily Hilla
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AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

AgencyAnalysis.nmlegis.gov and email to billanalysis@dfa.nm.gov

(Analysis must be uploaded as a PDF)

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Date Prepared: 1/27/2025 *Check all that apply:*
Bill Number: SB 126 Original Correction
 Amendment Substitute

Sponsor: Senator Padilla **Agency Name and Code** 430 – Public Regulation Commission
Short Title: Increase Rural Service Fund Allocations **Number:** _____
Person Writing Scott Cameron
Phone: (505)490-2696 **Email** jerri.mares@prc.nm.gov

SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total						

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis:

SB 126 seeks to make two substantive changes to existing law to increase the cap of the State Rural Universal Service Fund (“SRUSF”).

Specifically, Section 1 of the Bill would increase the SRUSF annual cap by ten million dollars (\$10,000,000), from \$30 million to \$40 million per year.

Section 2 of the Bill would make the changes effective as of July 1, 2025.

FISCAL IMPLICATIONS

None

SIGNIFICANT ISSUES

In addition to general administrative costs, the SRUSF supports three programs: Access Reduction Support and similar support, the Low-Income Telephone Assistance Program, and the Broadband Program.

Access Reduction Support payments were originally formulated to reimburse the rural incumbent local exchange carriers (“ILECS”) for revenue lost when the Rural Telecommunications Act required ILECs to reduce the access charges charged to other carriers to complete calls using the ILEC’s “last mile” wires. Similar support was extended to comparable carriers.

Through the Low-Income Telephone Assistance Program, low-income customers receive a reduction in the monthly voice service charge.

The demand for the SRUSF to support Access Reduction Support and the Low-Income Telephone Assistance Program has steadily decreased.

Per 63-9H-6(O), any SRUSF funds not devoted to the above-listed obligations are devoted to the Broadband Program. Accordingly, the program that would be the most affected by the SRUSF increase is the Commission’s Broadband Program. The Broadband Program provides support to encourage the deployment and maintenance of broadband internet access in rural areas of the state. An increase in the SRUSF cap would increase the amount of funding available to award in the Broadband Program.

It should be noted that under Section 63-9H-6(L), Access Reduction Support will be ending at the end of 2026. Until the Legislature or Commission repurposes the Access Reduction Support funds, those funds will be devoted to the Broadband Program per 63-9H-6(O).

In accordance with Section 63-9H-6(S), the Commission has opened a proceeding to hear from stakeholders regarding recommendations to provide the Legislature regarding the repurposing of

the Access Reduction Support and to determine whether Access Reduction Support payments should fund the Broadband Program. The outcome of that proceeding will be relayed to the Legislature in the Commission's next Annual Report near the end of 2025.

PERFORMANCE IMPLICATIONS

None

ADMINISTRATIVE IMPLICATIONS

An increase in the SRUSF cap will likely bring an increase in applications for funding, and the PRC's Telecommunications staff will have to absorb that extra work, which could be significant.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

None

TECHNICAL ISSUES

None

OTHER SUBSTANTIVE ISSUES

None

ALTERNATIVES

None

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Status quo

AMENDMENTS

None