F I S C A L   I M P A C T   R E P O R T

SPONSOR: Jennings DATE TYPED: 02/22/01 HB

SHORT TITLE: Parity of Investment in Local Exchange Areas SB 262

ANALYST: Valenzuela

APPROPRIATION

Appropriation Contained		**Estimated Additional Impact**		**Recurring or Non-Rec**	**Fund Affected**
FY01	**FY02**	**FY01**	**FY02**		
	NFI				

(Parenthesis ( ) Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files
Office of the Attorney General
Economic Development Department
Public Regulation Commission

SUMMARY

Synopsis of Bill

Senate Bill 262 adds a new section to the New Mexico Telecommunications Act that would establish a standard for the Public Regulation Commission (PRC) approval of local exchange facilities in New Mexico. The bill requires that when telephone company serving more than 80,000 access lines proposes to sell its local exchange facilities, the PRC may not approve or permit the sale unless or until the capabilities, technologies and facilities of the local exchange facilities being sold are comparable to those of the sellers largest local exchange.

Significant Issues

Senate Bill 262 would apply to only two telecommunication carriers who operate in New Mexico: Valor Telecommunications and Qwest. The effect of the bill would be significant improvements in rural telephone exchanges before being sold.

FISCAL IMPLICATIONS

Though the bill does not carry an appropriation, it would have a fiscal impact on the PRC and the Office of the Attorney General, who would be required to analyze the proposed sale of local exchange facilities. The operating budgets of each of these agencies are adequate to absorb the cost of this added requirement.

ADMINISTRATIVE IMPLICATIONS

The PRC has entered into alternative forms of regulation (AFOR) plans with these two telecommunications companies that outline investments within the state and address similar issues to those proposed by this bill. Enacted the bill would require the PRC to reassess its AFORs.

MFV/ar