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## FISCAL IMPACT REPORT



**SPONSOR:** Maes **DATE TYPED:** 02/07/02 **HB** \_\_\_\_\_

**SHORT TITLE:** Wireless Telecommunication Services **SB** 3/aSPAC/aSCORC

**ANALYST:** Valenzuela

Duplicates/Relates to Appropriation in The General Appropriation Act \_\_\_\_\_

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY02	FY03	FY02	FY03		
			\$70.0	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY02	FY03			
	(600.0)	(600.0)	Recurring	General Fund

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

Legislative Finance Committee files  
Office of the Attorney General  
Public Regulation Commission

### SUMMARY

#### Synopsis of SPAC Amendment

The Senate Public Affairs Committee amendment to the amended Senate Bill 3 makes the following revisions:

SPAC No. 1. Strikes SCORC No. 4, regarding the state rural universal service fund.

SPAC No. 2. Requires wireless telecommunication service providers to pay a fee, pursuant to the Utility and Carrier Inspection fee statute. The fee should not exceed one-half of one percent of its gross receipts from business transacted in the previous calendar year. It further limits the PRC authority to charge any additional fee for the same purpose.

SPAC No. 3. Reinserts the language similar to SCORC No. 4, regarding the state rural universal service fund. The language has been revised to make clear that these provisions for annual certification apply to carriers “already” designated as eligible carriers. The impact is

that wireless telecommunications providers will not be required to receive annual certification because none of these companies is currently certified. Rural carriers are required to be certified, so the PRC states that this amendment could create a disparity among rural and wireless carriers.

#### Synopsis of SCORC amendment

The Senate Corporations and Transportation Committee (SCORC) amendment to Senate Bill 3 makes the following revisions:

SCORC No. 1. Further clarifies the intent of the original bill to remove from PRC regulation and oversight wireless telecommunications services.

SCORC No. 2. Same as No. 1.

SCORC No. 3. Strikes the language from the original bill requiring the PRC to receive and resolve consumer complaints concerning wireless carriers. The impact will be that the Attorney General will likely be the state agency who receives these complaints. The AG states that it will need two additional staff for this purpose. The LFC estimates the fiscal impact for these positions at \$70.0 for salaries and benefits as well as miscellaneous costs.

SCORC No. 4. Adds a subsection to clarify that the section does not limit the PRC’s authority under state rural universal service fund of the Rural Telecommunications Act to require annual verifications of a wireless carrier designated by the PRC as an eligible telecommunications carrier.

SCORC No. 5. Further clarifies that only wireless telecommunications are deregulated by the bill, not landline phone services.

SCORC No. 6. Same as No. 5.

SCORC No. 7. Eliminates added language from the original bill. The impact is the same as Nos. 5 and 6.

Synopsis of Original Bill

Senate Bill 3 amends numerous statutes that apply to wireless telecommunication services providers. A synopsis of the seven sections of the bill follow:

- Section 1. Amends the duties of the PRC by adding the responsibility to receive and act upon consumer complaints against wireless telecommunication service providers.
- Section 2. Amends the duties of the PRC by removing its ability to impose fines on wireless telecommunication services providers.
- Section 3. Amends the New Mexico Telecommunications Act by exempting wireless telecommunication services providers from the rules promulgated pursuant to this act such as consumer protection and quality of service standards.
- Section 4. Amends the Cramming and Slamming Act by removing wireless telecommunication services providers from the telecommunication provider definition, and thus exempting them from compliance with this act.
- Section 5. Removes the Cellular Telephone Services Act from a delayed repeal on July 1, 2003.
- Section 6. Repeals the Cellular Telephone Services Act.
- Section 7. Carries an emergency clause.

Significant Issues

Rates and entry for wireless telecommunication providers are deregulated, pursuant to the preemption by the Federal Communications Commission (FCC). Enactment of Senate Bill 3 would remove from this sector of the telecommunication industry regulation for such items as consumer protection and quality of service rules.

**FISCAL IMPLICATIONS**

According to date provided by the PRC, the general fund would incur a \$600.0 recurring impact, simply from the payment of carrier and utility inspection fees. The PRC did not provide data on the impact of administrative penalties or fines that go to the general fund.

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