

February 13, 2017

CORRECTED

The Honorable Robert Olson, Chairperson
Senate Committee on Utilities
Statehouse, Room 236-E
Topeka, Kansas 66612

Dear Senator Olson:

SUBJECT: Corrected Fiscal Note for SB 119 by Senate Committee on Utilities

In accordance with KSA 75-3715a, the following corrected fiscal note concerning SB 119 is respectfully submitted to your committee.

Under current law, a telecommunications carrier is not eligible to participate in the Kansas Lifeline Service Program unless the carrier provides universal service at least partially through its own facilities. SB 119 would allow the carrier to participate in the program regardless of whether it provides service via its own facilities.

According to the Kansas Corporation Commission (KCC), the Federal Communications Commission allows telecommunications carriers that do not own facilities to participate in the federal Lifeline Program, and eleven wireless providers currently do so. These eleven providers received \$4.4 million in federal Lifeline support in 2016. The federal program provides \$9.25 per customer per month, while the state program provides \$7.77 per customer per month. The original fiscal note incorrectly stated that the federal program provides \$9.35 per customer, per month. If those eleven carriers would have received state Lifeline funding for their Kansas customers in 2016, the carriers would have received \$3.7 million from the Kansas Universal Service Fund (KUSF). With all other variables remaining the same, an additional \$3.7 million funding obligation would increase the KUSF assessment rate from 7.25 percent to 7.87 percent. This would increase the KUSF assessment on a \$25 local phone bill by \$0.15 per month.

Enactment of SB 119 would have no fiscal effect on the KCC budget. The KUSF is managed by a third party administrator and revenues and disbursements associated with the fund are not included in the agency budget.

Sincerely,



Shawn Sullivan,
Director of the Budget

cc: Amy Green, KCC
Jackie Aubert, Children & Families