



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: S. 0277
 Author: Alexander
 Requestor: Senate Judiciary
 Date: February 19, 2015
 Subject: Telecom Equity in Funding Act
 RFA Analyst(s): Wren, DiBiase, and Shealy

Estimate of Fiscal Impact

	FY 2015-16	FY 2016-17
State Expenditure		
General Fund	Minimal	N/A
Other and Federal	(\$650)	N/A
Full-Time Equivalent Position(s)	0.00	0.00
State Revenue		
General Fund	N/A	N/A
Other and Federal	N/A	N/A
Local Expenditure	N/A	N/A
Local Revenue	N/A	N/A

Fiscal Impact Summary

This bill is not expected to have a revenue impact on the General Fund, Federal Funds, or Other Funds. The Public Service Commission reports a cost savings of \$650 to Federal and Other Funds. The Department of Revenue indicates a minimal expenditure impact on General Funds, which can be absorbed by the agency. The Municipal Association of South Carolina reports this bill will have no expenditure impact on municipal governments. There were no responses from county governments regarding the expenditure impact of this bill.

Explanation of Fiscal Impact

State Expenditure

This bill enacts the State Telecom Equity in Funding Act. New §58-9-2535 provides for the manner to assess and collect dual party relay charges by local telephone exchanges (LEC), commercial mobile radio services (CMRS), voice over internet protocol (VoIP) service providers, and prepaid wireless telecom providers for use in supporting the Dual Party Relay System (DPR), a means for hearing and speech impaired people to communicate by telephone relay. It amends §58-9-2530(A) so as to cap the monthly relay charge at \$0.10 per line, whereas the current cap is \$0.25. Further, the actual charge set by the Public Service Commission must be uniform for applicable service providers in relation to DPR system funding needs. Also, §58-9-280 is amended, which provides for the transition of the Interim Local Exchange Carrier Fund into the Universal Service Fund (USF), and otherwise limits the size of the Universal Service Fund.

Judicial Department. This bill clarifies the jurisdiction of the Public Service Commission over certain providers regarding telephone service for the hearing and speech impaired. The Judicial Department does not anticipate that this bill will have any impact on the Judicial Department General Fund, Federal Funds, or Other Funds.

Office of Regulatory Staff. The Office of Regulatory Staff reports this bill will create a \$650 cost savings to Federal and Other Funds. The cost savings relate to supplies and postage necessary to send requests for information to companies to recalculate the Interim LEC Fund size annually and the cost to send Interim LEC Fund invoices on a monthly basis.

Public Service Commission. The Public Service Commission reports this bill will have no impact on the General Fund, Federal Funds, or Other Funds.

Department of Revenue. The Department of Revenue reports this bill will have a minimal impact to adjust forms and instructions. This impact can be absorbed by the agency.

State Revenue

New §58-9-2535 in Section 3 of the bill provides for the manner to assess and collect dual party relay charges to support the DPR as expanded to include LECs, CMRSs, VoIPs and prepaid wireless providers. The bill also amends §58-9-2530(A) in Section 8 so as to cap the monthly relay charge at \$0.10 per line across those providers, whereas the current cap is \$0.25. The Office of Regulatory Staff (ORS) reported \$4.2 million from dual party fees as restricted funds in FY 2013-14. The cost per line varies depending on total lines actually put in use, and a review by ORS estimates funding in FY 2015-16 could possibly be met with a cost of \$0.06 to \$0.07 per line. Because the fee is set only as high as necessary to generate revenue sufficient to fund ongoing DPR system operations, there would be no change in the total revenue generated from dual party relay fees in FY 2015-16.

Also, §58-9-280 is amended in Section 5A, to merge the Interim Local Exchange Carrier Fund into the Universal Service Fund (USF), to expand the universe of contributing providers, and to change language to limit the size of the USF to include adjustments for those LECs taking the election in §58-9-576(C) regarding certain alternative rates and terms of regulation. Thus, the number of providers contributing to the USF would increase, yet the contribution per provider would be proportionately less. As the funding level is determined by the commission, these amendments would not change the total revenue generated for agency earmarked funds from provider contributions to the USF in FY 2015-16. Therefore, the bill is not expected to impact state revenues.

Local Expenditure

The Revenue and Fiscal Affairs Office contacted the Municipal Association of South Carolina and thirteen county governments regarding the impact of this bill. The Municipal Association reports this bill will have no expenditure impact on municipal governments. There were no responses from county governments regarding the expenditure impact of this bill.

Local Revenue

N/A



Frank A. Rainwater, Executive Director