

**JBC STAFF FISCAL ANALYSIS
SENATE APPROPRIATIONS COMMITTEE**

CONCERNING THE ASSESSMENT OF A MONTHLY SURCHARGE ON CUSTOMERS OF VOICE TELECOMMUNICATIONS PROVIDERS TO FUND TELECOMMUNICATIONS RELAY SERVICES FOR TELEPHONE USERS WITH DISABILITIES, AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.

Prime Sponsors: Representative Rankin
Senator Steadman

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Fiscal Impact of Bill as Amended to Date

The most recent Legislative Council Staff Fiscal Note (attached) reflects the fiscal impact of the bill as of 03/28/16.

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| XXX | No Change: Attached LCS Fiscal Note accurately reflects the fiscal impact of the bill |
| | Update: Fiscal impact has changed due to <i>new information or technical issues</i> |
| | Update: Fiscal impact has changed due to <i>amendment adopted</i> after LCS Fiscal Note was prepared |
| | Non-Concurrence: JBC Staff and Legislative Council Staff disagree about the fiscal impact of the bill |

The House Appropriation Committee Report (03/29/16) includes an amendment to the bill that changes the effective date to July 1, 2016, updates the applicability clause, and adds a safety clause. The House Committee of the Whole amended the bill during Second Reading on March 31, 2016, to: update the definitions section to clarify terms; set a cap of \$0.15 for the surcharge per telephone access line; and limit the number of telephone access lines on which a customer may be assessed the surcharge. Legislative Council Staff and JBC Staff agree that the committees' amendments do not change the fiscal impact of the bill.

Amendments in This Packet for Consideration by Appropriations Committee

| Amendment | Description |
|------------------|--------------------|
| None. | |

Current Appropriations Clause in Bill

The bill includes a provision that appropriates \$172,778 cash funds for FY 2016-17 from the Colorado Telephone Users with Disabilities Fund to the Colorado Commission for the Deaf and Hard of Hearing Cash Fund (within the Department of Regulatory Agencies). The provision also appropriates \$172,778 from reappropriated funds in the Colorado Commission for the Deaf and Hard of Hearing Cash Fund to the Department of Human Services for FY 2016-17 for use by the Colorado

Commission for the Deaf and Hard of Hearing. This provision also states that the latter appropriation is based on the assumption that the Department will require an additional 2.0 FTE.

Description of Amendments in This Packet

None.

Points to Consider*TABOR/ Excess State Revenues Impact*

The Joint Budget Committee (JBC) has proposed a budget package for FY 2016-17 based on the March 2016 Legislative Council Staff revenue forecast. Based on the legislation that is included as part of the budget package, which includes this bill, revenues are projected to be \$64.2 million lower than the threshold above which money will be required to be refunded under TABOR for FY 2016-17. This bill would, however, increase the projected TABOR refund for FY 2017-18 by \$2.2 million. As TABOR refunds are paid from the General Fund, this bill would reduce the amount of General Fund available for other purposes in FY 2017-18.

Future Fiscal Impact

1. The bill includes a provision that the Public Utilities Commission (PUC) may conduct an audit of the voice service providers subject to this regulation. The cost of this audit will be borne by the PUC.
2. State agencies are subject to the surcharge established in this bill; however, the fiscal impact to these agencies is minimal and can be covered within their current budgets.

Technical Issues

1. The Public Utilities Commission (PUC), housed in the Department of Regulatory Agencies, is responsible for setting the monthly surcharge that provides revenue to the Colorado Telephone Users with Disabilities Fund (Fund). The Legislative Council Staff Fiscal Note assumes the current \$0.05 surcharge will continue, which would generate more revenue than the PUC needs to cover its administrative costs and the appropriations from the Fund. The PUC could set the surcharge to a lower rate and still generate sufficient revenue to cover appropriations and administrative costs, which would reduce the TABOR impact of this bill.
2. Without this bill, the PUC would need to raise the surcharge to generate the necessary revenue for the Fund. That surcharge increase would carry a similar TABOR impact as this bill.