

BILL ANALYSIS

Senate Research Center

S.B. 249
By: Sibley
Economic Development
1-28-97
Committee Report (Amended)

DIGEST

Currently, Article 1446c-0, V.T.C.S., Public Utility Regulatory Act of 1995, sets forth the guidelines for the collection and disbursement of the Telecommunications Infrastructure Fund (TIF). TIF is based on an annual assessment imposed on telecommunications utilities and commercial mobile service providers doing business in the state. TIF is structured to collect \$150 million a year for a total of \$1.5 billion over 10 years. The assessments are based on the percentage of gross telecommunications receipts necessary to collect \$75 million in each of two separate accounts, one from telecommunications utilities and the other account from commercial mobile service providers. The Travis County District Court held the rate of assessment on commercial mobile service providers must be equal to the rate of assessment on telecommunications utilities, and ordered the comptroller to lower the rate. The lower assessment rate is providing less revenue to TIF. Thus, TIF was unable to collect a total of \$150 million during the first year. S.B. 249 would change the annual assessment to 1.25 percent of taxable telecommunications receipts on each telecommunication utility and on each commercial mobile service provider, with the total amount collected for TIF not to exceed \$1.5 billion.

PURPOSE

As proposed, S.B. 249 sets forth the guidelines for the collection of the Telecommunications Infrastructure Fund based on an annual 1.25 percent assessment of taxable telecommunications receipts on each telecommunications utility and each commercial mobile service provider doing business in the State of Texas.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 3.606(a), Article 1446c-0, V.T.C.S. (Public Utility Regulatory Act of 1995), by amending Subdivision (5) and by adding Subdivision (10), to redefine "school district" and define "taxable telecommunications receipts." Makes a conforming change.

SECTION 2. Amends Sections 3.606(j)-(v), Article 1446c-0, V.T.C.S., to set forth the guidelines for the collection of an annual 1.25 percent assessment of taxable telecommunications receipts imposed on each telecommunications utility and each commercial mobile service provider doing business in the state, for the Telecommunications Infrastructure Fund (TIF). Prohibits the total amount collected for TIF from exceeding \$1.5 billion. Requires the comptroller to deposit 50 percent of the above amount collected to the credit of the public schools account in TIF, and the remainder to the credit of the qualifying entities account in TIF. Provides that interest earned on money in each account be deposited to the credit of that account. Deletes text providing that the assessments collected each year equal \$75 million for each group, the telecommunication utilities and the commercial mobile service providers, and that the assessments be collected for a period of 10 years. Makes conforming changes.

SECTION 3. Defines "telecommunications utilities account" and "commercial mobile service providers account." Provides that on the effective date of this Act, money in the telecommunications account is transferred to the public schools account; and money in the commercial mobile service

providers account is transferred to the qualifying entities account. Provides that the validity of an act done, an obligation incurred, or a right accrued before the transfer of money is not affected by the transfer.

SECTION 4. Effective date: the first day of the first calendar quarter beginning on or after 90 days after adjournment. Makes application of this Act prospective.

SECTION 5. Emergency clause.

SUMMARY OF COMMITTEE CHANGES

AMENDMENT 1. Amends SECTION 4(a) of the bill (page 7, line 22), by striking "assessment made on or after" and substituting "assessment that accrues on or after."