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## FISCAL IMPACT REPORT

**BILL NUMBER:** Senate Bill 152

**SHORT TITLE:** Low-Income Telecomm. Assistance Program

**SPONSOR:** Sen. Padilla/Reps. Herndon and Sariñana

**LAST UPDATE:** \_\_\_\_\_ **ORIGINAL DATE:** 2/2/26 **ANALYST:** Gygi

### REVENUE\* (dollars in thousands)

Type	FY26*	FY27	FY28	FY29	FY30	Recurring or Nonrecurring	Fund Affected
Subscriber Surcharge	\$40,000.0	\$40,000.0	Up to \$75,000.0	Up to \$75,000.0	Up to \$75,000.0	Recurring	SRUSF

Parentheses indicate revenue decreases.

\*Amounts reflect most recent analysis of this legislation. FY26 reflects current fund cap.

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT\* (dollars in thousands)

Agency/Program	FY26	FY27	FY28	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
HCA	No fiscal impact	Indeterminate but minimal	Indeterminate but minimal			
OBAE	No fiscal impact	No fiscal impact	No fiscal impact			
PRC	No fiscal impact	Indeterminate but minimal	Indeterminate but minimal			

Parentheses ( ) indicate expenditure decreases.

\*Amounts reflect most recent analysis of this legislation.

### Sources of Information

LFC Files

#### Agency or Agencies Providing Analysis

Health Care Authority

Office of Broadband Access and Expansion

Public Regulation Commission

#### Agency or Agencies That Were Asked for Analysis but did not Respond

New Mexico Counties

Taxation and Revenue Department

Because of the short timeframe between the introduction of this bill and its first hearing, LFC has yet to receive analysis from state, education, or judicial agencies. This analysis could be updated if that analysis is received.

## SUMMARY

### Synopsis of Senate Bill 152

Senate Bill 152 (SB152) would establish a low-income telecommunications assistance program (LITAP), funded by the state rural universal service fund (SRUSF), to ensure affordable access to telecommunications services for eligible low-income households in New Mexico. Eligible households include those receiving need-based assistance through the Health Care Authority (HCA), households that include an at-risk student pursuant to the Yazzie/Martinez litigation, or those meeting eligibility criteria for the federal Lifeline program or its successor.

In conjunction with establishing this program, SB152 would do the following:

- Repeal the Low-Income Telephone Service Assistance Act, which provides a similar affordability program focused solely on telephone service.
- Make several major changes to the SRUSF, which is administered by the Public Regulation Commission (PRC), and amend various articles within Chapter 63 to align with the proposed changes to the SRUSF.
- Cap LITAP funding at \$10 million in the first year, and \$45 million in subsequent years.
- Establish reporting requirements regarding the participation and management of the new program.
- Require HCA to provide data to assist the PRC in identifying eligible individuals to receive LITAP assistance.
- Makes the sharing of confidential information with the PRC by the Public Education Department and HCA subject to state and federal laws and regulations governing the sharing of confidential information.

Additionally, SB152 brings the PRC's broadband program into alignment with the federal Broadband Access and Expansion Act; restructures the SRUSF by replacing the overall fund cap with individual caps for each program supported by the SRUSF; and repeals the sunset provision for the access reduction support program.

The effective date of this bill is July 1, 2026.

## FISCAL IMPLICATIONS

There will be no fiscal impact to the state general fund or agency appropriations. The LITAP will be exclusively funded through SRUSF, which is funded through surcharges passed on to subscribers. Thus, non-eligible households and businesses in the state will incur additional subscription costs to cover the subsidies provided to low-income households; see below.

The New Mexico Public Regulation Commission (PRC) states that SB152 would increase the commission's administrative responsibilities and workload through required rulemaking to amend regulations, interagency coordination, and expanded annual reporting. The commission does not indicate any associated increase in costs.

Similarly, HCA, which is assigned coordination and data support responsibilities by SB152, anticipates increased workload but costs will “be determined through more detailed requirements-gathering and discussions with relevant stakeholders.” The Office of Broadband

Access and Expansion (OBAE) reports no fiscal impact from SB152.

#### **SRUSF PROJECTED REVENUES**

As specified in the Rural Telecommunications Act (section 93-H NMSA 1978), each year the PRC determines the amount of the fund for the next calendar year and the surcharge rate necessary to finance the fund. The amount of the fund is equal to the sum of each eligible telecommunication carrier's revenue requirement and other fund requirements, plus projected administrative expenses and a prudent fund balance. Current statute permits the commission to award up to \$40 million from the fund.

The PRC notes that SB152 would restructure the SRUSF by replacing the overall fund cap of \$40 million with individual caps for the programs the fund would support: access reduction, need-based, and comparable carrier support (\$18 million); broadband program (\$12 million); and the proposed LITAP (\$10 million in year one; \$45 million in subsequent years). Under the current overall cap, the PRC allocates all SRUSF obligations based on statutory priorities. Under the proposed program-specific caps, the total obligation of the SRUSF could reach up to \$40 million in the first year of the program and up to \$75 million in subsequent years.

In order to fund these obligations, subscriber costs will increase. The PRC sets the surcharge rate annually based on demand and fund balances. The 2026 rate is \$0.061 per “communication connection,” down from \$1.13 in 2024 and \$0.97 in 2023. The commission estimates the surcharge could increase to \$2 based on the proposed cap of \$75 million, given the approximately 29.4 million communication connections reported for the state.

Statute specifies the surcharge shall not be imposed upon subscribers receiving reduced rates; SB152 adds that this exemption applies to those receiving reduced rates through LITAP.

The following table from the PRC's most recent annual SRUSF report summarizes the fund's obligations for 2026. The PRC currently funds a LITAP program, which will be greatly expanded if the Legislature enacts SB152.

	<u>2026</u> <u>Monthly</u>	<u>2026 Annual</u>
<u>Connection Projection</u>	<u>2,449,052</u>	<u>29,388,618</u>
<u>Funding Requirement</u>	<u>Monthly</u>	<u>Annual</u>
Access Reduction	\$ 1,366,435	\$ 16,397,219
Comparable Carrier Support	111,081	1,332,977
LITAP	23,700	284,400
Admin Fees	9,115	109,376
Legal Fees	4,167	50,000
Audit Fees	2,083	25,000
<u>Total Minimum</u>		
<u>Funding Requirement</u>	<u>\$ 1,516,581</u>	<u>\$ 18,198,971</u>

SB152 removes the sunset on access reduction payments that are heavily used, so the payments would continue indefinitely, which increases pressure on the fund.

## SIGNIFICANT ISSUES

Despite large infusions of state and federal funding for broadband infrastructure, particularly post-pandemic, broadband subscription rates remain unaffordable for many New Mexicans.<sup>1</sup> OBAE comments:

Through the PRC's broadband program, the Connect New Mexico Fund, and federal funding, New Mexico will have enforceable commitments to serve virtually every broadband serviceable location in New Mexico by the end of 2026. However, affordability - not access - is the single largest barrier to New Mexico families subscribing to broadband service.

Federal funding for broadband subscription subsidies decreased when Congress defunded the federal Affordable Connectivity Program in 2024. The remaining Lifeline Program provides insufficient subsidies for many low-income households. According to OBAE, “the establishment of a state-funded LITAP through this bill will assist the state in lowering broadband costs for New Mexicans, and fostering socioeconomic progress for eligible households by enabling meaningful access to the internet.”

OBAE reports that only around 15 percent of eligible New Mexico households subscribe to the federal Lifeline programs because of its low subsidy. LITAP will supplement the federal subsidy making broadband access more affordable:

The bill requires LITAP to supplement the federal Lifeline program administered by the Federal Communications Commission which provides a broadband subsidy capped at \$9.25 per month and \$34.25 per month on qualifying Tribal lands. Lifeline is undersubscribed due to the low subsidy amount that is unable to cover the cost of providing broadband to low-income households. 50,515 households in New Mexico (approximately 15 percent of eligible households) subscribed through Lifeline as of June 2025. This bill will incentivize use of Lifeline, by ensuring that eligible applicants for the New Mexico program are also receiving federal funds.

OBAE explains:

In 2026, a family of four making \$44,550 or less (135 percent of federal poverty guidelines) would be eligible for support through LITAP. In New Mexico, approximately 330,000 households fall below this threshold. Nationwide, an estimated 40 percent of households making \$50,000 or less cannot afford to pay anything for home broadband. Without this bill, low-income households, and at-risk students, will be unable to meaningfully access the internet. This lack of meaningful access will limit employment, educational, and health care opportunities, particularly in rural and tribal communities.

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<sup>1</sup> Affordability is one of the six (6) strategic priorities in the three-year Statewide Broadband Plan, see [https://connect.nm.gov/uploads/1/4/1/9/141989814/obae-2026-28-three-year-broadband-plan-final\\_draft-compressed.pdf](https://connect.nm.gov/uploads/1/4/1/9/141989814/obae-2026-28-three-year-broadband-plan-final_draft-compressed.pdf).

## **ADMINISTRATIVE IMPLICATIONS**

The HCA notes that the ITD data services team will need to play a large role in determining the precise requirements of SB152's data sharing provisions, including those related to privacy and data security.

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

SB152 relates to SB155 enacted by the 2023 Legislature which allowed RUSF to fund the broadband program up to the total annual fund cap and imposed the current sunset date on access reduction supports to providers. There have been numerous bills modifying the Rural Telecommunications Act and the allowed uses of the rural universal service funds due to changes in technology and the regulatory environment since the Internet became widely available.

## **TECHNICAL ISSUES**

The PRC suggests “Section 7, Subsection B is unnecessary and should be removed for clarity. Because the Commission collects only the funds necessary to fulfill its annual obligations and each program has a set cap, there will not be unallocated SRUSF money.”

## **ALTERNATIVES**

The PRC notes that SB152 modifies the state's current SRUSG broadband program by requiring the commission to follow the quality of service standards, which include speed requirements, set within the Broadband Access and Expansion Act or by the Federal Communications Commission. The agency comments:

This requirement may run counter to the mandate that Broadband Program applications be considered in a technologically neutral manner and counter to the purpose of the Rural Telecommunications Act, which is intended to promote competitiveness. The quality of service standards adopted by the FCC favors fiber-optic infrastructure, which may be difficult to deliver to underserved or unserved areas. Alternative measures should be considered for certain speed requirements in areas that cannot be supported by fiber-optic infrastructure, relying on other means or technology.

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