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FISCAL IMPACT REPORT

SPONSOR: Sanchez, M. DATE TYPED: 2/25/03 HB _____

SHORT TITLE: Acquisition of Telecommunications Companies SB 774

ANALYST: Padilla

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
	NFI				

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From
Public Regulation Commission
Attorney General's Office

SUMMARY

Synopsis of Bill

Senate Bill 774 adds a new section to the New Mexico Telecommunications Act to provide the PRC with the regulatory authority to approve any merger, consolidation, or transaction resulting in a change of control involving either telecommunications companies or the stock of a telecommunications company. A telecommunications company involved in a consolidation, merger, etc. must seek the prior authorization of the PRC; otherwise the transaction would be void. The bill applies to all telecommunications companies that provide local exchange service in New Mexico and are regulated pursuant to the provisions of the New Mexico Telecommunications Act and the Rural Telecommunications Act.

Significant Issues

1. The PRC notes that the bill provides the same authority over transactions regarding telecommunications companies as it already has over electric, natural gas, water and wastewater utilities. The bill allows the RPC to review acquisitions, consolidations, mergers, etc. of local exchange

telecommunications companies and approve, deny or modify these transactions with regard to protecting the public interest.

2. The AGO notes that the New Mexico Supreme Court has held that, per existing statute, the PRC does not have authority to approve or reject mergers, consolidations, etc. involving the holding companies of telecommunications companies that provide local exchange service. It did, however, hold that the PRC could impose conditions on such transactions. According to the AGO, this bill would clarify that the PRC does have authority to approve such transactions to ensure the transaction is in the public interest.

3. The bill does not state what the scope of a PRC review of mergers, consolidations, etc., would be.

ADMINISTRATIVE IMPLICATIONS

This bill would result in minor caseload increase at the PRC.

POSSIBLE QUESTIONS

1. What would a PRC review of mergers, consolidations, etc. of telecommunications companies entail?
2. Should the PRC's ability to review transactions involving telecommunications companies that provide local exchange service be the same as its ability to review transactions involving other utilities?

LP/njw