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## FISCAL IMPACT REPORT

SPONSOR Youngberg DATE TYPED 2/19/05 HB 716

SHORT TITLE Telecommunications Relay Surcharge Suspension SB \_\_\_\_\_

ANALYST Rosen

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
			(Indeterminate)	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY05	FY06			
	(Indeterminate)	(Indeterminate)	Recurring	Telecommunications Access Fund

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

Responses Received From

- Attorney General's Office (AGO)
- Public Regulation Commission (PRC)
- Commission for Deaf and Hard of Hearing Persons (CDHH)

No Responses Received From

- Taxation and Revenue Department (TRD)

### SUMMARY

Synopsis of Bill

House Bill 716 provides for the suspension of the telecommunications relay service surcharge on telephone bills by TRD under certain conditions as reported by CDHH.

The bill adds language that mandates CDHH to report no later than August 1 of each year to TRD regarding current and expected appropriations from the Telecommunications Access Fund for the current fiscal year. If the balance of the fund as of July 1 of that fiscal year exceeds 125% of what was reported by CDHH, the telecommunications access surcharge is suspended for the following calendar year. TRD is responsible for notifying the taxpayers (i.e. the telephone companies) if there is a change in the surcharge.

### Significant Issues

CDHH reports this bill will result in CDHH and the relay program having to be supported from the general fund to keep up with the cost of the relay service.

According to CDHH, currently receives revenues from the Telecommunication Relay Surcharge fund CDHH and the operation of the Relay Service pursuant to Chapter 28, Article 11B NMSA and Chapter 63, Article 9F NMSA. CDHH is utilizing this fund to expand services for the deaf and hard of hearing.

CDHH indicates that traditionally this fund has paid for Relay Services, only, and was underutilized. The state introduced Captioned Telephone for the hard of hearing in August 2004. Captioned telephone costs \$2.50 per session minute, as opposed to \$ 1.11 per session minute for traditional relay services, or double the cost. Captioned Telephone usage will increase as more phones are being distributed to the deaf and hard of hearing community and, as a result, costs will continue to increase.

CDHH reports Video Relay Services are currently paid for by the National Exchange Carriers Fund under mandate by the Federal Communication Commission (FCC) at the rate of \$ 8.00 per session minute. Within the next three years CDHH expects the FCC will mandate that the states pay for intrastate relay services and when that happens this fund will be utilized for this purpose.

Given the above financial constraints, CDHH believes the legislature might need to raise the telecommunications access surcharge in the next three to five years. Therefore, CDHH opposes this bill and believes it is not fiscally appropriate at this time.

According to AGO, Telecommunications Relay Services (TRS) allow hearing impaired or deaf people with the proper equipment (TDD devices) to "talk" with hearing people. The Federal Americans with Disabilities Act (ADA) of 1990 requires that relay services be made available nationwide, at no extra cost to consumers with hearing and/or speech limitations. TRS is to offer communications for people with hearing and/or speech impairments that are functionally equivalent to voice telephone service for people who do not have such limitations. Relay services must operate 24/7 and must not limit the length of calls. Conversations must be kept strictly confidential. The ADA encourages the use of new technologies.

According to PRC, if the surcharge is suspended, telephone bills will be reduced by the 33/100 of 1% of gross intrastate revenues surcharge.

**PERFORMANCE IMPLICATIONS**

Indeterminate

**FISCAL IMPLICATIONS**

CDHH reports this bill will result in a larger telecommunications access fund surcharge increase in future years.

**ADMINISTRATIVE IMPLICATIONS**

Indeterminate

**ALTERNATIVES**

AGO notes it might be advisable to require an accounting of the TRS fund to determine if the surcharge is meeting its goals of providing access to telecommunications to deaf and hard of hearing people. Once this data is collected, the need for a collection cap, as mandated in the bill, may be better known.

**JR/sb**