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FISCAL IMPACT REPORT

SPONSOR Tsosie DATE TYPED 2/14/05 HB _____

SHORT TITLE Indian Affairs and Tribal Telecommunications SB 734

ANALYST Weber

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
	\$450.0			Non-recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From
 Indian Affairs Department
 Public Regulation Commission

SUMMARY

Synopsis of Bill

Senate Bill 734 appropriates \$450 thousand from the general fund to the Indian Affairs Department to partner with a NM based tribal telecommunications institute to develop an emergency telecommunications plan for underserved tribal communities. IAD would work with the institute to design and implement a pilot project that provides basic emergency telecommunications services to several Navajo communities and other pilot projects where necessary. SB 734 further directs a report of the results of the collaboration between IAD and the institute to the legislature and reports on the telecommunications plans to all NM tribal governments.

Significant Issues

The Indian Affairs Department notes.

Many tribal communities do not have basic telephone services or internet access. For example, the 2000 U.S. Census estimates that telephone subscription among Navajo communities is 37.9%. Studies of telecommunications needs in Indian Country have cited numerous reasons for

the lack of access including the extraordinarily high costs of extending landline fiber optic systems over great distances where comparatively few people reside. Second, there are rights-of-way issues raised in trying to gain easements over checkerboard lands owned or managed by Tribal governments, the Bureau of Indian Affairs, Bureau of Land Management, State, County, or private individuals.

Many tribal communities lack access to telecommunications systems, particularly telephone and internet services, enjoyed by other communities in the State. SB 734 would address this need in four specific Navajo communities-Whitehorse Lake, Rincon Marquez, Pueblo Pintado, and Torreon-that face severe logistical challenges for Fixed Wireless Local Loop (FWLL) telecommunications systems.

SB 734 would use new telecommunications technology (i.e. FWELL) in remote Navajo areas. The IAD was informed that the appropriation would support the following:

- 1.) An IAD contract with a tribal institute to develop required telecommunications plans;
- 2.) The tribal institute would subcontract with FWLL systems designer; and
- 3.) The purchase and installation of the appropriate number of small towers and poles (with power sources and antenna) to reach the 4 specified Navajo communities.

If SB 734 is passed, the IAD will establish required criteria for telecommunications plan and solicit RFQ/RFP from tribal institutes with a preference for New Mexico tribal institutes. Further, security requirements and bandwidth requirements for the FWLL telecommunications system will need to be established. The contractor and subcontractors may provide support in the area of procurement of all hardware, software and telecommunications equipment and support to end users. Finally, a contract with the institute would include an evaluation component.

FISCAL IMPLICATIONS

The appropriation of \$450.0 thousand contained in this bill is a non-recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of FY06 shall revert to the general fund.

OTHER SUBSTANTIVE ISSUES

PRC contributes that the bill has no description of the process used to select and fund the telecommunications companies who will probably need to be paid to help develop and install the telecommunications facilities described in this bill.

POSSIBLE QUESTIONS

The PRC asks.

Will state subsidization of telecommunications companies in unserved areas have an anti-competitive effect on other telecommunications carriers who may be planning on expanding into the areas described in the bill? Will an open bid or selection process cure this issue?

MW/lg:yr