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## FISCAL IMPACT REPORT

**SPONSOR** Lovejoy **ORIGINAL DATE** 02/06/10 **LAST UPDATED** 02/08/10 **HB** \_\_\_\_\_

**SHORT TITLE** Study Landline Deregulation **SJM** 46

**ANALYST** Pava

### APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY10	FY11		
	NFI	Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

\* see narrative

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Public Regulation Commission (PRC)

Aging & Long-term Services Dept. (ALTSD)

### SUMMARY

#### Synopsis of Bill

Senate Joint Memorial 46 requests the Public Regulation Commission (PRC) to form a task force to study the effects of deregulation of landline telecommunications in New Mexico and to draft a bill addressing their concerns for introduction during the 2011 legislative session. SJM 46 directs the PRC to report the findings and recommendations of the task force to the appropriate interim committee of the legislature by December 1, 2010.

### FISCAL IMPLICATIONS

SJM 46 has no appropriation.

### SIGNIFICANT ISSUES

The task force will include representatives from the wireless and wire line telecommunications industry, consumer advocacy groups, the PRC, the Attorney General's office and members of the legislature, to study the effects of deregulation of landline telecommunications in New Mexico, and to propose legislation to address the issue.

ALTSD notes: Many senior citizens, particularly in rural areas, rely on land lines. Many of these

seniors live on fixed-incomes, which are often low-incomes. Increases in their phone bills, due to de-regulation could create a significant hardship for these individuals.

### **PERFORMANCE IMPLICATIONS**

The PRC has already docketed proceedings in this area, although not with the specific goal set forth in SJM 46, which speaks to the impact of proposed legislation on existing PRC statutes, rules and orders as an area that requires more clarification.

### **ADMINISTRATIVE IMPLICATIONS**

A representative of the ALTSD would be made available to serve on the Task Force to represent the interests of its older adult constituency.

There will be some additional work for PRC Staff in compiling data on competition. PRC staff may not have ready access to the necessary data to determine the prospective effects of deregulation. The Commission may need to be granted the authority to solicit data from telecommunications carriers and other broadband providers doing business in New Mexico to assist in making the determinations requested in this memorial.

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

SJM 46 states that SB 37 may have unintended consequences, particularly to rural and low income customers, and may unfairly impact competition, and suggests the creation of a task force as an alternative to study the options.

### **TECHNICAL ISSUES**

SJM 46 recognizes the existence of new technologies that have created additional competition in parts of the state. An important task will be to define precisely what is meant by “deregulation,” as opposed to something like “detariffing” of rates and services. Issues of investment, rate standardization, service quality and consumer protection will need to be addressed.

### **OTHER SUBSTANTIVE ISSUES**

ALTSD notes: Many seniors are currently forced to choose between buying food or needed prescription drugs or paying their heating bills. An increase in telephone costs would create yet another hardship for older New Mexicans.

### **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

De-regulation could be implemented without appropriate planning and needs assessment. The status quo will continue or companion SB 37 could be enacted. Landline telecommunications carriers will continue to be regulated by existing statutes, rules and Alternative Forms of Regulation [AFOR]. Uncertainty may persist as to the definition, nature and extent of competition, as well as what to do about it.