



**Colorado
Legislative
Council
Staff**

HB16-1414

FISCAL NOTE

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 16-1193
Prime Sponsor(s): Rep. Rankin
Sen. Steadman

Date: March 28, 2016
Bill Status: House Appropriations
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BILL TOPIC: FUNDING BASE FOR TELECOMMUNICATIONS RELAY SERVICES

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018
State Revenue	<u>\$2,218,292</u>	<u>\$2,218,292</u>
Cash Funds	2,218,292	2,218,292
State Expenditures	<u>\$196,525</u>	<u>\$297,081</u>
Cash Funds	172,778	272,219
Centrally Appropriated Costs	23,747	24,862
TABOR Impact	\$2,218,292	\$2,218,292
FTE Position Change	2.0 FTE	2.0 FTE
Appropriation Required: \$172,778 - Department of Human Services (2016-17).		
Future Year Impacts: Ongoing revenue and expenditure increase.		

Summary of Legislation

This bill, **recommended by the Joint Budget Committee**, directs the Public Utilities Commission (PUC) in the Department of Regulatory Agencies (DORA) to promulgate rules to apply a monthly surcharge on all mobile wireless and Voice-over-Internet Protocol (VoIP) subscribers in Colorado. The surcharge currently applies only to landlines and will be deposited into the renamed Colorado Telephone Users with Disabilities Fund. The fund currently provides two-way communication for individuals with hearing or speech disabilities. The additional surcharge revenue will be used to cover annual appropriations to the Reading Services for the Blind Cash Fund in the Colorado Department of Education (CDE) and the Colorado Commission for the Deaf and Hard of Hearing Cash Fund in the Department of Human Services (DHS). In addition, this bill removes the 3.0 percent statutory cap on the PUC's administrative costs associated with developing, implementing, and administering telecommunications relay services.

Background

The Colorado Disabled Telephone Users Fund pays for the PUC's efforts to provide telecommunication services to Coloradans who are deaf, hard of hearing, speech impaired, deaf-blind, and those with central nervous system disabilities, and similar programs in the CDE and DHS.

The fund receives revenue from a surcharge on landlines, which is currently set at a rate of \$0.05 per line per month. The surcharge is set by the PUC to generate enough revenue to meet the General Assembly's appropriations for the programs listed above, approximately \$2.9 million in FY 2016-17. At the time the surcharge was set at \$0.05 on January 1, 2014, the fund had a reserve balance of 100 percent of program expenditures. Beginning July 1, 2017, the fund will be subject to excess uncommitted reserve requirements so the surcharge has been set artificially low to shrink the fund's balance. The current surcharge level has been effective at bringing the fund's reserve balance down to a level that will meet the excess uncommitted reserve requirements. However, the PUC will need to increase the rate to cover FY 2016-17 appropriations.

State Revenue

Beginning in FY 2016-17, this bill is expected to increase state cash fund revenue by \$2,218,292 annually to the Colorado Telephone Users With Disabilities Fund in the Department of Regulatory Agencies. This revenue estimate is based on the existing \$0.05 monthly surcharge rate which equates to \$.60 per year, applied to wireless subscribers.

Assumptions. Wireless lines and VoIP services are not currently regulated by the PUC. As a result, the figures used to calculate state revenue are estimates. A reliable estimate of VoIP subscribers was not available so no estimate of surcharge revenue for VoIP services is included in the fiscal note.

The fiscal note assumes 3,697,154 wireless users based a Pew Research Center report that 90 percent of adults in the United States have a cell phone. Applying this proportion to Colorado's population age 18 years and older, there are roughly 3.7 million wireless lines in the state. This represents a conservative estimate, as people younger than 18 years old have cell phones and people can own more than one cell phone.

Fee impact on individuals and business. Colorado law requires legislative service agency review of measures which create or increase any fee collected by a state agency. Table 1 below identifies the fee impact of this bill with an annual surcharge of \$.60 per line. The \$.60 monthly surcharge is currently charged on approximately 1.6 million landlines and generates about \$900,000 per year. If necessary, the PUC will adjust the surcharge to include the new users during a rulemaking process.

Type of Fee	Number Affected	Proposed Annual Surcharge	Total Fee Impact
Telephone Access Surcharge	3,697,154	.60	\$2,218,292

TABOR Impact

This bill increases state revenue from surcharges, which will increase the amount of money required to be refunded under TABOR. TABOR refunds are paid out of the General Fund.

State Expenditures

This bill will increase expenditures by \$196,525 and 2.0 FTE in FY 2016-17 and \$297,081 and 2.0 FTE in 2017-18 to the Colorado Commission for the Deaf and Hard of Hearing in the DHS. These costs are shown in Table 2 below.

Cost Components	FY 2016-17	FY 2017-18
Personal Services	\$99,058	\$98,659
FTE	2.0 FTE	2.0 FTE
Service Support Professional Services	36,000	120,000
Training for Service Support Professionals	7,920	9,760
Orientation and Mobility Services	16,200	41,400
Training for Orientation and Mobility Service Providers	13,600	2,400
Centrally Appropriated Costs*	23,747	24,862
TOTAL	\$196,525	\$297,081

* Centrally appropriated costs are not included in the bill's appropriation.

Colorado Commission for the Deaf and Hard of Hearing, Department of Human Services. The 2.0 FTE for the Colorado Commission for the Deaf and Hard of Hearing will include a full-time Outreach Consultant and a full-time Deaf-Blind Services Coordinator. The Deaf-Blind Services Coordinator will be responsible for establishing, organizing, and administering a state-wide program for the provision of deaf-blind services which will include support service providers and orientation and mobility services.

Public Utilities Commission, Department of Regulatory Agencies. The PUC routinely conducts rulemaking to implement legislative changes. Setting the fees for the monthly surcharge can be accomplished within existing resources.

State agencies. State agencies that use wireless and VoIP services will have an increase in costs to pay for the surcharge. For example, an agency with 1,000 VoIP users will have increase costs of \$600 per year for the surcharge.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. The centrally appropriated costs subject to this policy are estimated in the fiscal note for informational purposes and summarized in Table 3.

Table 3. Centrally Appropriated Costs Under HB16-1414		
Cost Components	FY 2016-17	FY 2017-18
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$16,008	\$16,022
Supplemental Employee Retirement Payments	7,739	8,840
TOTAL	\$23,747	\$24,862

Local Government, School District Impact, and Statutory Public Entity Impact

To the extent that local governments, school districts, and statutory public entities use wireless and VoIP services, these entities will have an increase in costs to pay for the surcharge.

Effective Date

The bill takes effect August 10, 2016, if the General Assembly adjourns on May 11, 2016, as scheduled, and no referendum petition is filed and applies to surcharges assessed on or after the effective date.

State Appropriations

For FY 2016-17, the bill includes an appropriation of \$172,778 for the Department of Regulatory Agencies from the Colorado Telephone Users With Disabilities Fund. These funds are reappropriated to the Department of Human Services which is also allocated 2.0 FTE.

State and Local Government Contacts

Joint Budget Committee Staff
Information Technology

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