
Fiscal Note
Bill Number HB0263

24-Jan-98

10:50 AM

Currently, phone directory revenue subsidizes basic telephone service. The provisions of this bill mandate a rate adjustment for the incumbent telephone company, removing the phone directory subsidy of approximately \$30,000,000. The bill also requires a rate proceeding to adjust telephone rates by this amount.

Depending on the results of the rate proceeding, all telephone ratepayers could pay \$2.68 more per line per month on their current telephone bill starting in FY 1999. This could impact rates for State government by approximately \$483,000. Local governments would also experience a rate increase estimated to be approximately \$310,000. (The figures in the table reflect this scenario.) The State would realize increased sales tax revenue of \$1,168,500 and local governments an increase of \$307,500.

If the rate adjustment is given only to residential customers, the rate increase could be up to \$3.82 per line per month. There would be no expenditure fiscal impact on State or local government telephone rates. The increased sales tax revenue to the State would be \$1,425,000 and to local governments, an increase of \$375,000.

	<u>FY 99 Approp.</u>	<u>FY 00 Approp.</u>	<u>FY 99 Revenue</u>	<u>FY 00 Revenue</u>
General Fund	\$303,000	\$303,000	\$1,168,500	\$1,168,500
Uniform School Fund	\$75,000	\$75,000	\$0	\$0
Federal Funds	\$55,000	\$55,000	\$0	\$0
Dedicated Credits Revenue	\$30,000	\$30,000	\$0	\$0
Other	\$20,000	\$20,000	\$0	\$0
Local Revenue	\$310,000	\$310,000	\$307,500	\$307,500
TOTAL	\$793,000	\$793,000	\$1,476,000	\$1,476,000

Office of the Legislative Fiscal Analyst