

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 up to \$2.27 more per line per month on their current telephone bill starting in FY 1999.

If the rate adjustment were phased in over five years, the increase would be to approximately \$0.45 per line per month. This would increase telephone rates for State government by approximately \$82,000 per year for the next five years. Local governments would also experience an annual rate increase estimated to be approximately \$56,000 statewide for five years. The State would realize an annual increase of sales tax revenue estimated at \$280,000 and local governments an increase of \$93,000 per year for the next five years.

If the rate adjustment is given only to residential customers, the rate increase could be up to \$2.53 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 \$285,000 and to local governments, an increase of \$96,000 more each year for five years.

	<u>FY 99 Approp.</u>	<u>FY 00 Approp.</u>	<u>FY 99 Revenue</u>	<u>FY 00 Revenue</u>
General Fund	\$51,500	\$103,000	\$280,000	\$560,000
Uniform School Fund	\$12,700	\$25,400	\$0	\$0
Federal Funds	\$9,300	\$18,600	\$0	\$0
Dedicated Credits Revenue	\$5,100	\$10,200	\$0	\$0
Other	\$3,400	\$6,800	\$0	\$0
Local Revenue	\$56,000	\$112,000	\$93,000	\$186,000
TOTAL	\$138,000	\$276,000	\$373,000	\$746,000