

**COMMONWEALTH OF KENTUCKY FISCAL NOTE STATEMENT
LEGISLATIVE RESEARCH COMMISSION
2020 REGULAR SESSION**

MEASURE

2020 BR NUMBER 1180

HOUSE BILL NUMBER 208GA

TITLE AN ACT relating to commercial mobile radio service charges and declaring an emergency.

SPONSOR Representative Rob Rothenberger

FISCAL SUMMARY

STATE FISCAL IMPACT: YES NO UNCERTAIN

OTHER FISCAL STATEMENT(S) THAT MAY APPLY: ACTUARIAL ANALYSIS
 LOCAL MANDATE CORRECTIONS IMPACT HEALTH BENEFIT MANDATE

APPROPRIATION UNIT(S) IMPACTED: Department of Homeland Security

FUND(S) IMPACTED: GENERAL ROAD FEDERAL RESTRICTED 911 Coordinator Fund

FISCAL ESTIMATES	2019-2020	2020-2021	2021-2022	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES		\$840,000	\$840,000	Indeterminable
EXPENDITURES				
NET EFFECT		\$840,000	\$840,000	Indeterminable

() indicates a decrease/negative

PURPOSE OF MEASURE: This measure would eliminate the portions of KRS 65.7636 that allow Lifeline service providers to pass onto Lifeline customers the cost of a monthly fee paid to the Kentucky 911 Services Board.

FISCAL EXPLANATION: The Lifeline program, established by the Federal Communications Commission (FCC), provides federal funding for discounted monthly telephone service and internet access to eligible low-income consumers in every state. This includes cellular and landline phone services provided by commercial mobile radio service (CMRS) providers. The Kentucky 911 Services Board receives \$.70 per month per CMRS connection, including Lifeline connections, to pay for various expenses necessary to provide wireless 911 services to people across the state. As a result of this measure, Lifeline service providers would be required to remit the postpaid rate of \$.70/month on behalf of Lifeline customers to the Kentucky 911 Services Board.

Kentucky Department of Homeland Security (KDHS) estimates there to be approximately 100,000 Lifeline subscribers in the state as of January 2020. By requiring CMRS providers to pay \$.70 per month per Lifeline subscriber, KDHS anticipates an additional \$840,000 per year for the 2020-2022 biennium budget cycle.

For outlying years, the fiscal determination is less clear. The federal Government Accountability Office (GAO) in 2017 identified more than 6,000 deceased individuals reported who were enrolled or recertified

for the program after the date of their death. In an effort to address waste and fraud in the program, the FCC adopted new rules resulting in a reduction of 30,000 Lifeline users in Kentucky in 2019; a trend the KDHS anticipates to continue.

Furthermore, TracFone - the largest provider of Lifeline wireless services in Kentucky - was approved for disbursements from the Kentucky Public Service Commission in January 2020. This will result in TracFone receiving an additional \$3.50 from the state Universal Service Fund (USF), along with the \$9.25 they receive from the federal USF. As such, KDHS anticipates TracFone to aggressively market their Lifeline services, which could significantly increase the number of Lifeline subscribers in the state. As a result, future funds going to the Kentucky 911 Services Board are indeterminable.

DATA SOURCE(S): Department of Homeland Security, Federal Communications Commission
PREPARER: Emma Mills NOTE NUMBER: 151 REVIEW: JAB DATE: 2/20/2020