

SESSION OF 2005

**CONFERENCE COMMITTEE REPORT BRIEF
ON HOUSE BILL NO. 2026**

As Agreed to April 1, 2005

Brief*

The bill would phase out financing of KAN-ED from the Kansas Universal Service Fund (KUSF) over the next four fiscal years. The bill would require exploration of possible consolidation of KAN-ED with two other statewide networks. The bill would require providers of voice over internet protocol (VoIP) to direct 911 calls to the appropriate public safety answering point (PSAP). Finally, the bill would make PSAPs that are not political subdivisions of the state ineligible to receive funds distributed under the Wireless Enhanced 911 Act.

KAN-ED Financing

The maximum amounts of KUSF funding available for KAN-ED would be:

- FY 2006, \$10 million
- FY 2007, \$8 million
- FY 2008, \$6 million
- FY 2009, \$5.5 million

Authorization for use of KUSF moneys for KAN-ED would expire at the end of FY 2009. When KAN-ED financing is shifted to the State General Fund, the bill would require funding of the program to be the highest priority along with Education.

*Conference committee report briefs are prepared by the Legislative Research Department and do not express legislative intent. No summary is prepared when the report is an agreement to disagree. The conference committee summary report may be accessed on the Internet at <http://www.kslegislature.org>

Consolidation of Networks

The bill would require the Board of Regents to study the KAN-ED network and the Kansas Research and Education Network (KanREN) to identify duplication of services and inefficiencies between the two networks. If duplication or inefficiencies exist, the Board would be required to develop a plan to reduce or eliminate duplication of services or inefficiencies. The Secretary of Administration and the Board would be required to develop recommendations for integration of the KANSAS Wide Area Network (KANWIN) and KAN-ED.

The bill also would require the Board of Regents and the Department of Administration to submit a joint report, by January 13, 2006, to the Senate Commerce and the House Utilities committees regarding:

- Findings of the study of KAN-ED and KanREN
- Any plan for reducing or eliminating duplication of services and inefficiencies; and
- Incorporation of KANWIN into KAN-ED.

VoIP Emergency Calls

VoIP service providers would be required to direct 911 calls to the appropriate PSAP when the provider receives an emergency call from a customer. The requirement would apply to any VoIP provider other than those businesses that only provide VoIP within their business organizations and to those businesses that provide VoIP as a customer product secondary to the primary product sold by the company.

Aid to PSAPs

Finally, the bill would prohibit distribution of fee revenue collected pursuant to the Wireless Enhanced 911 Act to PSAPs that are not subdivisions of the state.

Conference Committee Action

The Conference Committee agreed to:

- Phase out funding for KAN-ED from the KUSF by 2009, (one year less than the House version and one year longer than the Senate version);
- Retain the language regarding priority funding for KAN-ED from the State General Fund;
- Clarify the language regarding VoIP providers handling of 911 calls; and
- Retain the provision regarding a study of possible consolidation of KAN-ED, KanREN, and KANWIN.

Background

The bill was introduced by the Legislative Educational Planning Committee at the request of the State Board of Regents. The bill was supported at the House Utilities Committee hearing by representatives of the Kansas Board of Regents, the State Library, Colby Public Schools, Cingular, Kansas Association of School Boards, Verizon, USD 373, the North Central Kansas Libraries System, Johnson County Library, Southwest Plains Regional Service Center, and the Kansas Hospital Association. No opponents to the bill presented testimony to the House Committee.

Proponents of the bill who presented testimony to the Senate Commerce Committee included representatives of the Board of Regents, Kansas State University, the North Central Kansas Libraries System, the Greenbush Service Center, the Kansas Hospital Association, the Kansas Association of School Boards, and Cingular Wireless. Opponents who presented testimony to the Senate Commerce Committee included representatives of Nuvio, Inc., Verizon Wireless, and SBC. Representatives of Cox Communications and the Kansas Telecommunications Association presented a suggested amendment to the bill.

Under current law, a maximum of \$10 million per year is available from the KUSF to finance KAN-ED. However, that authorization will

expire June 30, 2005 at which time the KAN-ED network will have to be financed from the State General Fund.

Under the Wireless Enhanced 911 Act, PSAPs receive a distribution of fee revenues collected from wireless phone customers. Those moneys are used to purchase hardware and software that enable PSAPs to locate people who place 911 calls from mobile phones. Federal PSAPs located in Kansas currently receive allocations of fee revenue, but are not in a position to use those funds. The House Committee amendment to HB 2026 would stop the distribution of wireless e-911 funds to non-Kansas PSAPs.

KanREN is a non-profit consortium of colleges, universities, school districts, and other organizations in Kansas, organized for the purpose of facilitating communication among them, and providing themselves with connectivity to the Internet via a statewide telecommunication network.

The KANSas Wide Area Information Network (KANWIN) is a statewide data communications network. The network is used by state agencies and is operated by the Department of Administration.

The issue of VoIP transmission of emergency phone calls is addressed in 2004 HB 2050 which was in the House Committee on Utilities when the committee took action on this bill. The House Committee amendment to this bill is very different from the approach proposed in HB 2050.

House Committee Amendments

The House Committee on Utilities amended the bill to continue KUSF funding of KAN-ED for five rather than three years, but to reduce the amount available each of those five years. The House Committee amendment also would create a procedure for transfer of emergency calls made using VoIP technology and restrict payments to PSAPs under the Wireless Enhanced 911 Act to subdivisions of the state.

Senate Committee Amendments

The Senate Committee amended the bill to:

- Reduce from five to three the number of additional years of funding for KAN-ED from the KUSF;

- Make KAN-ED a priority for funding from the State General Fund beginning in FY 2009;
- Eliminate the provision that would address emergency calling procedures from VoIP phones; and
- Require consolidation of KAN-ED with KanREN and study of inclusion of KANWIN in the consolidated network.

Senate Committee of the Whole Amendment

The Senate amended the bill to delete the requirement that KAN-ED and KanREN be consolidated and to replace that requirement with a requirement for a study of duplication of services and inefficiencies and development of a plan for consolidation.

Fiscal Impact

The fiscal note prepared by the Division of the Budget for the introduced version of the bill states that enactment of the bill would save \$10.0 million from the State General Fund each year by continuing to fund KAN-ED from the KUSF rather than from the State General Fund. The fiscal note also states that the Governor's budget recommendation for FY 2006 is based upon passage of the bill. Neither the House nor the Senate Committee amendments would materially change the fiscal impact of the bill during FY 2006.