

SESSION OF 2008

SUPPLEMENTAL NOTE ON SENATE BILL NO. 49

As Amended by House Committee on
Utilities

Brief*

SB 49 would require interconnected VoIP service providers to contribute to the Kansas Universal Service Fund (KUSF) to the extent that requirement is not prohibited by federal law. The requirement would be included in the statute which currently requires every telecommunications public utility and wireless telecommunications service provider that provides intrastate telecommunications services to contribute to the KUSF on an equitable and nondiscriminatory basis.

Background

Introduction of SB 49 was requested by a representative of Embarq. At the Senate Committee hearing on the bill, a representative of the Kansas Corporation Commission (KCC) indicated that the future sustainability of universal service funding at the state and federal level is questionable due to the decline in revenues. In addition, the representative indicated that the major factor contributing to the decline in revenues is the migration of customers to VoIP providers' communication services.

Another proponent of the bill was a representative of Embarq. The conferee testified that the Federal Communications Commission (FCC) found that interconnected VoIP providers benefit from their access to the interconnected wireline network, and therefore interconnected VoIP providers should contribute to the preservation of that network.

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

The opponents of the bill included representatives of Cox Communications; Nuvo Corporation; AT&T Kansas; and Kansas Cable Telecommunications Association.

A representative of Embarq spoke in support of the bill at the House Committee hearing. Representatives of AT&T and Cox Communications suggested amendments to the House Committee. A representative of the KCC provided background information to the House Committee.

The House Committee amended the bill to specify that:

- The new requirement would only be effective if it is not prohibited by federal law; and
- “Interconnected VoIP service” would be defined as that phrase is defined in federal regulations.

According to the fiscal note on the bill, the KCC reports that passage of the bill would increase revenue to the KUSF. The agency is unable to estimate the amount of additional revenue that would be received, because it does not know how many VoIP customers there are in the state, since VoIP is not a regulated service. Whatever amount the VoIPs ultimately pay, that cost would be passed along to their customers. The KCC and the Citizens’ Utility Ratepayer Board indicate that the implementation of the bill would have no fiscal effect on either agency’s operations. The House Committee amendments do not appear to materially change the estimate of fiscal impact.