

## **BILL ANALYSIS**

Senate Research Center

C.S.S.B. 773  
By: Zaffirini  
Business & Commerce  
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Committee Report (Substituted)

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

The purpose of this legislation is to extend for four years the state telecommunications discount for digital services for voice, video, and data to libraries, schools, colleges, hospitals, and telemedicine centers in Texas. Currently, the discount allows these entities to purchase high-speed broadband services from incumbent local exchange carriers at 105 to 110 percent of long run incremental costs (LRIC). Chapter 57 (Distance Learning and other Advanced Services), Chapter 58 (Incentive Regulations), and Chapter 59 (Infrastructure Plan), Utilities Code, require that the incumbent local exchange carriers not charge eligible entities more than 105 to 110 percent of LRIC. The eligible entities are schools, libraries, institutions of higher education, and hospitals and the discount is due to expire on January 1, 2012. The legislation would increase the amount telecommunications providers can recoup for all the telecommunications discounts to 110 percent of LRIC, but limits the percentage of additional returns on certain network or broadband services for public educational institutions.

This legislation would extend the discount to January 1, 2016. Without the state telecommunications discount, these anchor institutions may have to cut programs, eliminate positions, and pass on the cost to the public, cities, or counties to cover the costs of broadband services. The discount program remains an essential component of the state's information and telecommunications infrastructure. Without legislative action by the 82nd Legislature, the discounts will end and many eligible institutions would be unable to meet their current level of service. Extending the state telecommunications discount legislation will ensure that a telecommunications infrastructure that connects public entities such as schools, libraries, nonprofit telemedicine centers, and public hospitals will continue at a reasonable rate.

C.S.S.B. 773 amends current law relating to telecommunications service discounts for educational institutions, libraries, hospitals, and telemedicine centers.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 58.252, Utilities Code, by adding Subdivision (1-a) to define "health center."

SECTION 2. Amends Section 58.268(b), Utilities Code, to require an electing company to offer private network service contracts under this subchapter at 110 percent, rather than 105 percent, of the long run incremental cost of providing the private network service, including installation.

SECTION 3. Amends Section 58.258(a), Utilities Code, as follows:

- (a) Prohibits an electing company's rates for private network services, notwithstanding the pricing flexibility authorized by this subtitle, from being increased before January 1, 2016, rather than January 1, 2012. Authorizes an electing company, however, to increase a rate in accordance with the provisions of a customer specific contract.

SECTION 4. Amends Section 58.259(b), Utilities Code, to make a conforming change.

SECTION 5. Amends Section 58.260(c), Utilities Code, to make a conforming change.

SECTION 6. Amends Section 58.261(b), Utilities Code, to make a conforming change.

SECTION 7. Amends Section 58.268, Utilities Code, as follows:

Sec. 58.268. CONTINUATION OF OBLIGATION. Requires an electing company to continue to comply with this subchapter until January 1, 2016, rather than January 1, 2012, notwithstanding any other provision of this title, regardless of the date the company elected under this chapter, or any action taken in relation to that company under Chapter 65 (Deregulation of Certain Incumbent Local Exchange Company Markets).

SECTION 8. Amends Section 59.077(a), Utilities Code, to make a conforming change.

SECTION 9. Amends Section 59.083, Utilities Code, to make a conforming change.

SECTION 10. Effective date: September 1, 2011.