

Updated to reflect all amendments adopted to date.

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2024-25		FY 2025-26	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	\$525,000		\$525,000	
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$525,000		\$525,000	

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB 1031, as amended, allows two people residing at the same address to receive telecommunications equipment for the telecommunications relay system (TRS). Currently, only one person is allowed such equipment. Additionally, recipients may not reapply for assistance more often than every three years. The current limitation is five years.

The Public Service Commission (PSC) estimates that 30% of current recipients have a second person at that address who will now qualify for assistance. A funding increase of \$225,000 would be required to address this population. There is no basis to disagree with this estimate.

More frequent replacement of equipment is estimated to cost \$300,000 per year. This estimate is based on inflating the current replacement costs to reflect its occurrence every three years rather than every five years. There is no basis to disagree with this estimate.

The TRS is funded by a surcharge of 3 cents per month on each telephone number. The amount of the surcharge is set by the PSC. In order to address these increased costs, the PSC anticipates the need to increase the surcharge to 5 cents per month for each line. There is no basis to disagree with this estimate. When the new level of funding is established, the PSC has the authority to adjust the surcharge to meet actual needs.

LB 1031 also provides several definitions related to telecommunications.

Beginning January 1, 2029, the PSC is prohibited from providing ongoing high-cost support for any broadband serviceable location not capable of Internet access at speeds of at least 100 megabits per second for downloading and 20 megabits per second for uploading.

Section 6 allows any agency or political subdivision in the state to license its dark fiber and related infrastructure.

Section 11 requires next-generation 911 calls to be handled in a certain manner no later than January 1, 2026. Similar provisions relating to telecommunications relay services shall also occur no later than January 1, 2026.

The total cost estimate from the PSC is \$525,000 of Cash Fund appropriation each year. This will address the required changes relating to more frequent Telephone Relay System equipment and expansion of covered participants.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 1031	AM: 2780, 2893, 2905, 2956	AGENCY/POLT. SUB: Nebraska Public Service Commission	
REVIEWED BY: Joe Massey	DATE: 3/19/2024	PHONE: (402) 471-4181	
COMMENTS: No basis to disagree with the Nebraska Public Service Commission's assessment of fiscal impact from LB: 1031 (Amended)			

Please complete ALL (5) blanks in the first three lines.

2024

LB⁽¹⁾ LB1031 AM2780, AM2893, AM2905, AM2956

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Public Service Commission

Prepared by: ⁽³⁾ Laurie Casados Date Prepared: ⁽⁴⁾ 3/19/2024 Phone: ⁽⁵⁾ 402-471-0252

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2024-25</u>		<u>FY 2025-26</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	<u>525,000</u>	_____	<u>525,000</u>	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>525,000</u>	<u>0</u>	<u>525,000</u>	<u>0</u>

Explanation of Estimate:

LB1031, as amended by AM2780, AM2893, AM2905 and AM2956 contains various sections, the fiscal impact noted below is only in relation to Section 13 of the amended bill. All other sections would have no fiscal impact for the Public Service Commission.

The Commission administers the Telecommunications Relay Service (TRS) program, which exists to provide access to telecommunications services and equipment for individuals who are hearing impaired, speech impaired or deaf/blind impaired. The TRS program is supported through a surcharge on telephone numbers or functional equivalents, and for the fiscal year 2023-2024 is set at \$.03 per telephone number.

The Nebraska Specialized Telecommunications Equipment Program, or NSTEP, is a subprogram operated under the TRS. The NSTEP program is intended to allow qualifying deaf, hard-of-hearing, and/or speech-disabled citizens to obtain specialized telecommunications equipment at no expense, subject to certain program restrictions. To qualify, participants have to provide a Professional Certification that they are Deaf, Hard of Hearing, have a Speech Disability, or are Deaf-Blind. Existing statute (Neb. Rev. Stat. § 86-314 (2) (a) and (b)) provides a limit of one benefit per household, and limits recipients from reapplying more than once every five years. This bill would allow two benefits per household and would allow applicants to reapply every three years. Changes to those two provisions would require an increase in the surcharge to support the additional costs.

The Commission is not aware of any data that would allow us to estimate how many households that currently receive the benefit also contain another individual who would also be eligible. For the purposes of the fiscal note, it was estimated that 30% of the households that receive the benefit today would have an additional individual that would be eligible to apply. Based on that increase in demand, we estimate an additional \$225,000 annually would be necessary to meet demand.

To calculate the impact of a change from a five-year reapplication window to a three-year application window, the Commission assumes everyone who is currently eligible to reapply every five years would then apply on a three-year cycle. That change is estimated to add costs of about \$300,000 annually.

In total, the Commission estimates that the changes would lead to cost increases of \$525,000 annually and we would require an increase in appropriation of this amount to program 064. To generate that additional funding, the Commission would need to consider an increase to the surcharge from \$.03 to \$.05, or an increase of \$.02 per telephone number (or functional equivalent), per month.

Technical note: AM2893 does contain language changes to Neb. Rev. Statute 86-577 that were included in LB61, which was signed by the Governor on March 18, 2024. We submitted an estimated reduction to revenue as part of our fiscal note for LB61, thus those estimates have not been included here.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2024-25</u>	<u>2025-26</u>
	<u>24-25</u>	<u>25-26</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....			525,000	525,000
Capital improvements.....				
TOTAL.....			525,000	525,000