

FISCAL NOTE

Requested by Legislative Council
01/11/2001

REVISION

Bill/Resolution No.: HB 1182

Amendment to:

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
	Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

This bill would exempt higher education so that the campuses are not considered to be telecommunications services providers. Without this exemption, campuses will no longer be able to continue providing telecommunications services to students who reside in campus apartments, fraternity and sorority housing or affiliated entities, and also may no longer be able to serve students in residence halls. Examples of affiliated entities are those residing in campus facilities (e.g. food providers such as Subway in the student union food court) and technology incubator companies located on campus. Telecommunications services would be provided to these students and affiliated entities by local telecommunications providers, rather than by the campus.

If campuses are no longer able to provide telecommunications services to these students and affiliated organizations the current telecommunications costs (e.g. equipment, trunk lines from the telephone companies, cable plant and billing systems), will have to be spread over the remaining users. This will result in a much higher per unit cost as the number of subscribers declines.

If campuses are no longer able to serve residence halls, campus apartments, fraternity and

sorority housing and affiliated entities, all telecommunications costs will need to be absorbed by the remaining campus administrative users (i.e. faculty and staff). Thus, campus operating costs will increase an estimated \$1.5 million per biennium. This will require an additional \$1.5 million general fund appropriation to cover these increased operating costs.

If the campuses are able to serve administrative users and residence halls, but not campus apartments, fraternity and sorority housing and affiliated entities, costs for students in the residence halls and administrative users would increase by approximately \$500,000 per biennium as the costs are spread over fewer users.. Again, an additional state general fund appropriation of roughly \$335,000 would be required to offset that portion of the \$500,000 associated with administrative users. Student residence hall fees would have to increase to pay for the remaining increased costs of roughly \$165,000.

In addition, local telecommunications providers would have to install new services, creating another additional expense for the students and other users who no longer are provided services by the campus.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

Campuses would lose between \$500,000-\$1,500,000 in revenues (used mid-point of \$1,000,000) from current telecommunication users who would be required to seek services from elsewhere if this bill does not pass.

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

Costs for the remaining users (administrative and/or residence halls) would increase as fixed costs are spread over fewer users if this bill does not pass. Roughly, two-thirds of the increased costs would be allocated to administrative users and one-third to residence halls. Campus operating costs for administrative users would increase from \$335,000-\$1,500,000 (used midpoint of \$917,500) depending on the inclusion or exclusion of residence halls. Student costs would increase from \$0-\$165,000 (used midpoint of \$82,500).

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

State general fund appropriations to the campuses would have to increase from \$335,000-\$1,500,000 (used midpoint of \$917,500) to cover increased administrative user telecommunication costs if this bill does not pass.

Name: Laura Glatt
Phone Number: 328-4116

Agency: North Dakota University System
Date 01/12/2001
Prepared: