

FISCAL NOTE

Requested by Legislative Council
01/10/2005

REVISION

Bill/Resolution No.: HB 1106

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.*

	2003-2005 Biennium		2005-2007 Biennium		2007-2009 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$11,202	\$85,707	\$10,152	\$34,656	\$10,152
Expenditures		\$2,538	\$0	\$10,152	\$0	\$10,152
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

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

2003-2005 Biennium			2005-2007 Biennium			2007-2009 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

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

The Performance Assurance Fund was created by the 2003 Legislature. The fund is a component of Qwest's Performance Assurance Plan, which is a required part of Qwest's authority to provide out-of-region (InterLATA) long distance services. The Performance Assurance Plan is essentially a contract between Qwest and competitive local exchange companies that interconnect with Qwest. The plan includes service quality goals and benchmarks which Qwest must meet. If Qwest fails to meet these goals and benchmarks, the plan provides pre-determined damages that Qwest must pay both the competitive local exchange companies and the state. The state must monitor and audit the effectiveness of the plan. Current law includes a continuing appropriation to use the fund moneys to carry out the monitoring and auditing functions.

HB 1106 removes the sunset provision and caps the balance of the fund at \$100,000 with any amount over that deposited in the general fund.

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.*

Estimated revenue is based on the 2004 monthly amounts actually received from Qwest. Monthly average for 2004 is \$1,867, times 24 months, resulting in an estimated revenue for the 2005-07 biennium of \$44,808. The same approach was used for the six months remaining in the current biennium, as well as the 24 months in the 2007-09 biennium. If the balance of the fund is greater than \$100,000, the amount over \$100,000 is to be deposited into the general fund. We do not expect the revenues through the 2007-2009 biennium to be greater than \$100,000. However, the fund is currently at \$142,386.50 so when this bill takes effect at the conclusion of the 2003-2005 biennium (1 August 2005) \$100,000 of current monies will move from the special fund into the general fund. Also, added to that \$100,000 will be the excess revenues for the remaining months of the 2003-2005 biennium, estimated to be \$8664 (\$11,202 minus \$2,538) as well as the excess revenues for the 2005-2007 biennium which we estimate to be \$34,656 (\$44,808 minus \$10,152). Consequently, we estimate a total of \$85,706.50 to be deposited in the general fund in the 2005-2007 biennium. For the

2007-2009 biennium, we estimate the excess revenues over expenditures to be \$34,656 (\$44,808 minus \$10,152). Note that estimated expenditures are probably minimum amounts, since greater expenditures are expected due to a pending audit on performance indicator reporting and payments. However, expenditures cannot be accurately estimated so the average of actual expenditures was used.

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.*

Estimated expenditures are calculated the same way as revenue. A monthly average of 2004 actual expenditures is multiplied by 24 to arrive at total estimated expenditure for each biennium, and by 6 to arrive at a total estimated expenditure for the remainder of the current biennium. Monthly average for 2004 is \$423. Biennium total is \$10,152. Note that the estimated expenditures are probably minimum amounts, since greater expenditures are expected due to a pending audit on performance indicator reporting and payments. However, expenditures cannot be accurately estimated so the average of actual expenditures was used.

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.*

No appropriation is indicated because a continuing appropriation exists in current law. The proposal only removes the sunset and caps the fund at \$100,000, with the overage, if any, deposited into the general fund. No overage is expected.

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Agency: PSC
Date Prepared: 01/10/2005