

LC02373

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2004

A N A C T

RELATING TO PUBLIC UTILITIES AND CARRIERS

Introduced By: Senator Hanna M. Gallo

Date Introduced: February 11, 2004

Referred To: Senate Financial, Technology, Regulatory

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 39-1-61 of the General Laws in Chapter 39-1 entitled "Public
2 Utilities Commission" is hereby amended to read as follows:

3 **39-1-61. Rhode Island telecommunications education access fund.** -- (a) Preamble. -
4 For the past ten (10) years, the schools and libraries of Rhode Island have benefited from a
5 regulatory agreement with Verizon and its predecessor companies that has provided up to two
6 million dollars (\$2,000,000) annually for support of telecommunications lines for internet access.
7 In addition, the funds provided for in the original regulatory agreement and every dollar
8 generated hereunder leverages a one dollar and twenty-seven cents (\$1.27) federal E-Rate match.
9 With the regulatory agreement approaching its termination and the advent of more advanced
10 technologies, it is the intent of this section to provide a continued source of funding for internet
11 access for eligible public and private schools and libraries.

12 (b) Definitions. - As used in this section, the following terms have the following
13 meanings:

14 (1) "Department of education" means the Rhode Island department of elementary and
15 secondary education.

16 (2) "Commission" means the public utilities commission.

17 (3) "Telecommunications education access fund" means the programs and funding made
18 available to qualified libraries and schools to assist in paying the costs of acquiring, installing and
19 using telecommunications technologies to access the internet.

1 (c) Purpose. - The purpose of the telecommunications education access fund shall be to
2 fund a basic level of internet connectivity for all of the qualified schools (kindergarten through
3 grade 12) and libraries in the state.

4 (d) Authority. - The commission shall establish, by rule or regulation, an appropriate
5 funding mechanism to recover from the general body of ratepayers the costs of providing
6 telecommunications technology to access the internet.

7 (1) The general assembly shall determine the amount of a monthly surcharge to be levied
8 upon each residence and business telephone access line or trunk in the state, including PBX
9 trunks and centrex equivalent trunks and each service line or trunk, and upon each user interface
10 number or extension number or similarly identifiable line, trunk, or path to or from a digital
11 network. This surcharge shall also be levied upon each wireless telephone account in the state.

12 The department will provide the general assembly with information and recommendations
13 regarding the necessary level of funding to effectuate the purposes of this article. The general
14 assembly shall annually review the surcharge to determine if it should be applied to wireless
15 telephone service. The surcharge shall be billed by each telecommunications services provider
16 and shall be payable to the telecommunications services provider by the subscriber of the
17 telecommunications services. State, local and quasi-governmental agencies shall be exempt from
18 the surcharge. The surcharge shall be deposited in a restricted receipt account, hereby created
19 within the commission and known as the telecommunications education access fund, to pay any
20 and all costs associated with subsection (b)(3). The amount of the surcharge shall not exceed
21 thirty-five cents (\$.35) per access line or trunk.

22 (2) The surcharge is hereby determined to be twenty-six cents (\$.26) per access line or
23 trunk.

24 (3) The amount of the surcharge shall not be subject to the sales and use tax imposed
25 under chapter 18 of title 44 nor be included within the gross earnings of the telecommunications
26 corporation providing telecommunications service for the purpose of computing the tax under
27 chapter 13 of title 44.

28 (e) Administration. - The commission, with input from the department, shall administer
29 the telecommunications education access fund consistent with the requirements of the Universal
30 Service (E-Rate) program. The commission shall collect from the telecommunications service
31 providers the amounts of the surcharge collected from their subscribers. The department, with the
32 approval of the commission, shall publish requests for proposals that do not favor any particular
33 technology, evaluate competitive bids, and select products and services that best serve the internet
34 access needs of schools and libraries. In doing so, the department shall endeavor to obtain all

1 available E-Rate matching funds. The department is further authorized and encouraged to seek
2 matching funds from all local, state, and federal public or private entities. The department shall
3 approve disbursement of funds under this section in accordance with the commission's directives.
4 Unsuccessful bids may be appealed to the commission. The commission shall annually review the
5 department's disbursements from this account to ensure that the department's decisions do not
6 favor any competitor.

7 (f) Eligibility. - All schools seeking support from the fund must be eligible for Universal
8 Service (E-Rate) support and meet the definition of "elementary school" or "secondary school" in
9 the Elementary and Secondary Education Act of 1965, as amended (20 U.S.C. section 8801).
10 Schools operating as a for-profit business or with endowments exceeding fifty million dollars
11 (\$50,000,000) are not eligible for support. All libraries seeking support from the fund must meet
12 the definition of "library" or "library consortium" in the Library Services and Technology Act,
13 P.L. 104-208, section 211 et seq., 110 Stat. 3009 (1996) and must be eligible for assistance from a
14 state library administrative agency under that act. Only libraries that have budgets that are
15 completely separate from any schools (including, but not limited to, elementary and secondary,
16 colleges and universities) shall be eligible to receive support. Libraries operating as a for-profit
17 business shall not be eligible for support.

18 (g) The effective date of assessment for the telecommunications education access fund
19 shall be January 1, 2004.

20 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
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- 1 This act would levy a surcharge on all wireless telephone accounts.
- 2 This act would take effect upon passage.

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