

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2003

A N A C T

RELATING TO PUBLIC UTILITIES AND CARRIERS

Introduced By: Senator Hanna M. Gallo

Date Introduced: February 26, 2003

Referred To: Senate Financial, Technology, Regulatory

It is enacted by the General Assembly as follows:

1 "SECTION 1. Chapter 39-1 of the General Laws entitled "Public Utilities Commission"
2 is hereby amended by adding thereto the following section:

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

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

13 (1) "Department of Education" means the Rhode Island Department of Elementary and
14 Secondary Education.

15 (2) "Commission" means the Public Utilities Commission.

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

19 (c) Purpose. The purpose of the Telecommunications Education Access Fund shall be to

1 fund a basic level of internet connectivity for all of the qualified schools (kindergarten through
2 grade 12) and libraries in the state.

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

6 (1) The general assembly shall determine the amount of a monthly surcharge to be levied
7 upon each residence and business telephone access line or trunk in the state, including PBX
8 trunks and centrex equivalent trunks and each service line or trunk, and upon each user interface
9 number or extension number or similarly identifiable line, trunk, or path to or from a digital
10 network. The department will provide the general assembly with information and
11 recommendations regarding the necessary level of funding to effectuate the purposes of this
12 article. The surcharge shall be billed by each telecommunications services provider and shall be
13 payable to the telecommunications services provider by the subscriber of the telecommunications
14 services. State, local and quasi-governmental agencies shall be exempt from the surcharge. The
15 surcharge shall be deposited in a restricted receipt account, hereby created within the commission
16 and known as the Telecommunications Education Access Fund, to pay any and all costs
17 associated with subsection (b)(3). The amount of the surcharge shall not exceed thirty-five cents
18 (\$.35) per access line or trunk.

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

21 (3) The amount of the surcharge shall not be subject to the sales and use tax imposed
22 under general laws chapter 44-18 nor be included within the gross earnings of the
23 telecommunications corporation providing telecommunications service for the purpose of
24 computing the tax under general laws chapter 44-13.

25 (e) Administration. The commission, with input from the department, shall administer the
26 Telecommunications Education Access Fund consistent with the requirements of the Universal
27 Service (E-Rate) program. The commission shall collect from the telecommunications service
28 providers the amounts of the surcharge collected from their subscribers. The department, with the
29 approval of the commission, shall publish requests for proposals that do not favor any particular
30 technology, evaluate competitive bids, and select products and services that best serve the internet
31 access needs of schools and libraries. In doing so, the department shall endeavor to obtain all
32 available E-Rate matching funds. The department is further authorized and encouraged to seek
33 matching funds from all local, state, and federal public or private entities. The department shall
34 approve disbursement of funds under this section in accordance with the commission's directives.

1 Unsuccessful bids may be appealed to the commission. The commission shall annually review the
2 department's disbursements from this account to ensure that the department's decisions do not
3 favor any competitor.

4 (f) Eligibility. All schools seeking support from the fund must be eligible for Universal
5 Service (E-Rate) support and meet the definition of "elementary school" or "secondary school" in
6 the Elementary and Secondary Education Act of 1965, as amended (20 U.S.C. section 8801).
7 Schools operating as a for-profit business or with endowments exceeding fifty million dollars
8 (\$50,000,000) are not eligible for support. All libraries seeking support from the fund must meet
9 the definition of "library" or "library consortium" in the Library Services and Technology Act,
10 Public Law No. 104-208, section 211 et seq., 110 Stat. 3009 (1996) and must be eligible for
11 assistance from a state library administrative agency under that act. Only libraries that have
12 budgets that are completely separate from any schools (including, but not limited to, elementary
13 and secondary, colleges and universities) shall be eligible to receive support. Libraries operating
14 as a for-profit business shall not be eligible for support.

15 (g) The effective date of assessment for the Telecommunications Education Access Fund
16 shall be January 1, 2004.

17 SECTION 2. This act shall take effect upon passage."

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO PUBLIC UTILITIES AND CARRIERS

- 1 This act would establish the Rhode Island Telecommunications Education Access Fund.
- 2 This act would take effect upon passage.

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