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BILL ANALYSIS



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House Bill 5263 (as passed by the House)
Sponsor: Representative Aaron Miller
House Committee: Communications and Technology
Ways and Means
Senate Committee: Energy and Technology

Date Completed: 1-27-20

CONTENT

The bill would amend the Michigan Telecommunications Act to do the following:

- **Beginning January 1, 2020, modify the criteria by which an individual could qualify for a reduced rate of basic local exchange services and access service.**
- **Beginning August 30, 2022, allow a provider of basic local exchange service that provided 90 day's written notice to the Michigan Public Service Commission and to all individuals receiving the reduced rate to opt out of offering the reduced rate.**
- **Specify that the Commission would have to establish a rate for each subscriber line of a participating provider to recover costs incurred upon the request of a provider of basic local exchange service.**

Under the Act, the Commission must require each provider of residential basic local exchange service to offer certain low-income customers the availability of basic local exchange services and access service at reduced rates. ("Basic local exchange service" means the provision of an access line and usage within a local calling area for the transmission of high-quality two-way interactive switched voice or data communication.)

To qualify for the reduced rate, an individual's annual income must not exceed 150% of the Federal poverty guidelines published annually in the Federal Register by the United States Department of Health and Human Services and as approved by the State Treasurer, or the individual must participate in one of the following federal assistance programs:

- Medicaid.
- Food stamps.
- Supplemental Security Income.
- Federal Public Housing Assistance.
- Low-Income Home Energy Assistance Program.
- National School Lunch Program's free lunch program.
- Temporary Assistance for Needy Families.

Under the bill, these qualifications would apply until December 31, 2019. Beginning January 1, 2020, the criteria to qualify for the reduced rate would be the same criteria to qualify for the Federal Lifeline Program set forth in 47 CFR 54.409.

(Section 54.409 specifies that to qualify for lifeline, a consumer's household income must be at or below 135% of the Federal Poverty Guidelines for a household of that size, or the consumer, one or more of his or her dependents, or his or her household must receive benefits from one of these assistance programs: Medicaid; Supplemental Nutrition Assistance Program; Supplemental Security Income; Federal Public Housing Assistance; or Veterans and Survivors Pension Benefit. Section 54.409 also prescribes qualifications for a consumer who lives on Tribal lands.)

Beginning January 1, 2020, if an individual did not meet the criteria listed above, and was no longer qualified to receive the reduced rate, he or she could continue to receive the reduced rate if all of the following applied:

- The individual received the reduced rate before January 1, 2020.
- The individual continued to meet the qualifying criteria currently provided by the Act.
- If the provider required annual recertification, the individual recertified with his or her provider annually.

Under the bill, beginning August 30, 2022, if a provider of basic local exchange service provided 90 days' written notice to the Commission and to all individuals receiving the reduced rate, the provider could, beginning November 30, 2022, opt out of offering the reduced rate. If a provider opted out, the provider would be exempt from complying with a Commission order requiring the provider to offer a reduced rate to low-income customers.

Under the Act, the Commission must establish a rate for each subscriber line of a provider to allow the provider to recover costs incurred under the Act. The bill specifies that the Commission would have to establish a rate for the provider on request of a provider of basic local exchange service.

MCL 484.2316

Legislative Analyst: Tyler VanHuyse

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: Elizabeth Raczkowski

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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.