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Senate Fiscal Agency  
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**SFA****BILL ANALYSIS**

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House Bill 4418 (as passed by the House)  
Sponsor: Representative Judson Gilbert II  
House Committee: Energy and Technology  
Senate Committee: Technology and Energy

Date Completed: 5-14-99

## **CONTENT**

The bill would amend the Michigan Telecommunications Act (MTA) to extend the sunset on a provision that requires the Public Service Commission to mandate that each provider of residential basic local exchange service offer certain low-income customers reduced rates on basic local exchange service and access service. (This program is commonly referred to as "lifeline services".) The bill also would revise the formula for determining the lifeline services discount.

### **Discount Formula**

The Act provides that the lifeline services discount for low-income customers must be at least 20% of the basic local exchange rate or \$8.25, whichever is greater. If the low-income customer is 65 years of age or older, the rate reduction must be at least 25% of the basic local exchange rate or \$8.25, whichever is greater. (The required discount amount includes any Federal contribution for lifeline services.) The total reduction may not exceed 100% of all end-user common line charges and the basic local exchange rate.

Under the bill, the lifeline services discount would have to be at least 50% of the basic local exchange rate or \$8.25, whichever was greater. For a low-income customer who was at least 65 years old, the discount would have to be at least 55% of the basic local exchange rate or \$8.25, whichever was greater. Discounted amounts would continue to include any Federal contributions.

(To qualify for lifeline services, a person's annual income cannot exceed 150% of the Federal poverty income standards as determined by the United States Office of Management and Budget and as approved by the State Treasurer.)

### **Sunset**

The MTA's lifeline services program is scheduled to be repealed on June 1, 1999. The bill would extend that sunset to January 1, 2001 (which would be consistent with the sunset date for the entire MTA).

MCL 484.2316

Legislative Analyst: P. Affholter

## **FISCAL IMPACT**

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

Fiscal Analyst: M. Tyszkiewicz

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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.