

FISCAL NOTE

Requested by Legislative Council
12/16/2002

Bill/Resolution No.: HB 1052

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.*

	2001-2003 Biennium		2003-2005 Biennium		2005-2007 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$105,000	\$0	\$300,000		
Expenditures	\$0	\$30,000	\$0	\$100,000		
Appropriations	\$0	\$100,000	\$0	\$100,000		

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

2001-2003 Biennium			2003-2005 Biennium			2005-2007 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.*

This bill creates the performance assurance fund, a component of Qwest's performance assurance plan which is a required part of Qwest's application to provide out-of-region (InterLATA) long distance. The performance assurance plan is basically 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. The continuing appropriation allows use of the fund moneys to carry out these monitoring and auditing functions.

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.*

Revenue estimates are based on information provided by Qwest and indicate the midpoints of projected ranges. For the period covered by the remaining portion of the 2001-2003 biennium, Qwest estimates, based on current reports and trends, payments into the fund of \$15,000 to \$20,000 per month. The midpoint of this range for six months is \$105,000. For

the 2003-2005 biennium, Qwest estimates lower payments into the fund, based on current reports and trends, ranging from \$10,000 to \$15,000 per month. The midpoint of this range for 24 months is \$300,000. The bill contains a sunset provision, ending 30 June 2005. Consequently, there are no estimates provided for the 2005-2007 biennium.

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.*

The state must monitor and audit the effectiveness of the Qwest performance assurance plan. Qwest regional states are exploring ways to collaboratively administer these responsibilities, which should bring efficiencies to the process. Expenses for such a collaborative effort will be paid from the fund. Even if no multi-state collaborative effort is undertaken, the commission will incur expenses to monitor and audit the effectiveness of the plan in North Dakota, and the appropriation will allow the expenses of this function to be paid from the special fund.

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.*

The legislation authorizes a continuing appropriation of \$100,000 each biennium from the fund, and allows the commission to request that the budget section of the legislative council authorize additional amounts if appropriate.

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Date Prepared: 12/20/2002