

HOUSE BILL ANALYSIS

SB 6400

Title: An act relating to extending the Washington telephone assistance program.

Brief Description: Extending the Washington telephone assistance program through 2003.

Sponsors: Senators Brown, Finkbeiner, Oke and Thibaudeau; by request of Department of Social and Health Services.

HOUSE COMMITTEE ON ENERGY & UTILITIES

Meeting Date: February 18, 1998

Bill Analysis Prepared by: Linda Brooks (786-7153)

Background: In 1987, the Legislature established a program to assist low-income persons in obtaining basic telephone services. The program, then known as the "Lifeline Assistance Program" and now known as the "Washington Telephone Assistance Program" (WTAP), is administered by the Department of Social and Health Services (DSHS).

The WTAP program provides the following benefits for low-income persons:

- A reduced monthly rate for local telephone service;
- A 50 percent discount on phone connection fees; and
- Waiver of deposit for local phone service.

Persons eligible for WTAP assistance are adult recipients of DSHS-administered programs that provide continuing financial or medical assistance, food stamps, or supportive services to persons in their homes.

Currently, the WTAP program requires all low income customers to pay \$9.25 per month for basic telephone service. If basic telephone charges exceed \$9.25 per month, then state and federal funds pay the balance. The federal government matches every dollar that the state spends on the WTAP program up to a federal maximum amount of \$3.50. State funds match federal funds on a

dollar-for-dollar basis up to the \$3.50 federal cap, and state funds alone pay for any remaining balance.

An excise tax on all switched access lines generates revenues to pay for the state's costs of the WTAP program. By statute the excise tax rate cannot exceed 14 cents per month per switched access line. The current rate, established by the Washington Utilities and Transportation Commission (WUTC), is 13 cents per line per month. This 13 cent excise tax applies only to switched wireline access lines. There is no WTAP tax associated with wireless phone service.

The Federal Communications Commission (FCC) recently ruled that the federal government will pay \$5.25 to help provide life line telephone assistance for each low-income consumer in every state, irrespective of whether the state provides any matching funds. Additionally, if a state provides at least \$3.50 in life line telephone assistance for each low income consumer, the federal government will contribute an extra \$1.75 in support. As a result, the total maximum amount of federal funds available per low income consumer is \$7.00, provided that the state contributes at least \$3.50 per low income consumer.

The DSHS has announced that it will lower the monthly rate that WTAP recipients are required to pay to \$7.50 from the current \$9.25 on March 1, 1998 to take advantage of additional federal money that is available without any increase in state matching funds.

Residential telephone rates, including the FCC line access charges, range from \$9.50 to \$25.50 per month according to WUTC data. It is possible that this rate range might be somewhat out-of-date, since the numbers are based on January 1996 data.

To illustrate how the WTAP program works for low income customers located in different areas of the state, the following illustrates how the phone bill would be paid after March 1, 1998 for three WTAP-eligible consumers living in three different areas of the state:

Area 1 where residential phone rate is \$9.50 per month:

WTAP-eligible person pays	\$7.50
Federal funds pay	2.00
State funds pay	<u>0.00</u>
	\$9.50 monthly local residential rate

Area 2 where residential phone rate is \$16.00 per month (US West's new rate):

WTAP-eligible person pays	\$ 7.50
Federal funds pay	5.25
State funds pay	<u>3.25</u>
	\$16.00 monthly local residential rate

Area 3 where residential phone rate is \$25.50 per month:

WTAP-eligible person pays	\$ 7.50
Federal funds pay	5.25
State funds pay	<u>12.75</u>
	\$25.50 monthly local residential rate

The WTAP program expires on June 30, 1998, unless extended by the Legislature.

Summary: The Washington Telephone Assistance Program is extended until June 30, 2003.

Appropriation: None.

Fiscal Note: Available

Effective Date of Bill: Ninety days after adjournment of session in which bill is passed.