

III. Effect of Proposed Changes:

The bill creates s. 364.108, F.S., to require each telecommunications company that provides telephone service to any elevator that is under the control of a condominium or homeowners' association, a residential cooperative, a government-financed housing facility for the elderly, or a continuing care facility to offer that service at the company's residential local telecommunications service rate.

The bill takes effect July 1, 2003.

IV. Constitutional Issues:**A. Municipality/County Mandates Restrictions:**

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:**A. Tax/Fee Issues:**

Section 202.12, F.S., imposes a tax on sales of communications services stated as a percentage of the sales price of the communications service. The bill will lower the revenue of local telephone companies by an undetermined amount, which they may or may not seek a rate increase hearing to recoup. If not, this decrease in phone revenue will in turn lower the communications services tax revenues by an undetermined amount.

B. Private Sector Impact:

The bill requires local telephone companies to provide service to certain elevators at the companies' residential service rate. These companies currently charge a business rate, which is approximately twice the residential rate. The bill will therefore result in a decrease in the telephone service rate for service to these elevators. As no one knows how many elevators are at issue, the total amount of the decrease in rates is undeterminable.

In general, condominium, homeowners, and cooperative associations will have an undetermined decrease in expenses, which they should pass on to property owners in a proportioned decrease in assessments and dues. Government-financed housing facilities for the elderly and continuing care facilities will also have decreased costs, which may be passed on to residents.

Local phone companies would lose an undetermined amount of revenue. Section 364.051(4), F.S., provides that any local telecommunications company that believes circumstances have changed substantially to justify any increase in the rates for basic local services may petition the PSC for a rate increase. However, the PSC may grant the petition only after an opportunity for a hearing and a compelling showing of changed circumstances. The companies may choose not to go through such a hearing to get the rate increase to make up the loss.

C. Government Sector Impact:

There could be a decrease in communications services tax revenues. There could also be an impact on the PSC if local telephone companies seek hearings to increase rates.

VI. Technical Deficiencies:

None.

VII. Related Issues:

In its 1994 order, the PSC noted that there were a number of alternatives available to condominium associations to provide elevator communication services. Since then, with technological advances and deregulation of local telephone markets, there are additional alternatives available.

The bill appears to be contrary to the current public policy of competition in the local telephone marketplace.

VIII. Amendments:

None.