



Patrick R. Fucik
Director – West Region
Sprint State Government Affairs
913-687-5548

6450 Sprint Parkway
KSOPHN0314-3B221
Overland Park, KS 66251
Patrick.r.fucik@sprint.com

Testimony of Patrick Fucik in Opposition to HB 2572 Before the Kansas House Appropriations Committee February 13, 2012

Thank you Chairman Rhoades and Members of the Committee. My name is Patrick Fucik and I am the Director of State Government Affairs for Sprint in our West Region. Thank you for the opportunity to present Sprint's comments in opposition to HB 2572.

Sprint's opposition to HB 2572 is not based on the merits of creating a disaster reimbursement fund in Kansas. Such a fund is obviously well-intentioned, good visionary public policy, and would be very helpful to those communities and citizens in need when a disaster strikes.

Sprint's opposition is based on the proposal to take \$10 million annually from the Kansas Universal Service Fund (KUSF) to help fund the disaster reimbursement fund. Currently, Kansas has one of the largest state universal service funds in the country with a fund size of over \$67 million. Subscribers of both landline and wireless providers currently pay a surcharge of 6.18% of eligible intrastate charges on their monthly bills to fund the KUSF.¹ Sprint customers alone pay multiple millions of dollars into the KUSF annually.

Kansas currently ranks ninth out of the top 10 states with the highest average state and local cell phone taxes nationwide.² Sweeping \$10 million annually from the KUSF for the disaster reimbursement fund would place additional constraints on the KUSF and could result in the need for an increased KUSF assessment on Kansas telephone consumers. In fact, consumers that have both wireless and wireline service could see an increase on both services.

HB 2572 provides that the transfer of KUSF funds is only to occur *after* all payments required by the KUSF statute are made. As a result, the KUSF would continue to first fund programs such as lifeline for low income users, Kansas Relay for the hearing impaired and subsidies for phone companies and then have to fund the disaster reimbursement fund in addition to those current programs.

Sprint does not take any funding from the KUSF. We have actually testified recently that the fund is too large and should be reduced. We believe recent actions taken by the FCC will eliminate the need for support from the KUSF to phone companies. The fact that HB 2572 would have an adverse impact by increasing the use and size of the KUSF is reason for our concern and opposition.

Just to reiterate, Sprint is not opposed to the concept of creating a disaster reimbursement fund but does object to Kansas telephone users paying increased KUSF assessments for this purpose as opposed to other funding options such as the population at large through the state general fund.

Thank you for your time and I would be happy to address any questions at the appropriate time.

¹ See Kansas Corporation Commission website fact sheet on the KUSF at: <http://www.kcc.state.ks.us/telecom/kusfhistory.pdf>

² Scott Mackey, KSE Partners, LLP, based on methodology from the Council on State Taxation, *50-State Study and Report on Telecommunications Taxation*, May 2005