



Senate Ways and Means
Chairman Carolyn McGinn

Statement of Verizon
Senate Bill No. 336

February 6, 2012

Madame Chairman and Members of the Committee:

My name is Dina Fisk, and I want to thank you for the opportunity to appear before you today to express Verizon's opposition to SB 336. My task is difficult, in that Verizon is supportive of the general objective set forth in the bill to establish a disaster reimbursement relief fund; but we strongly disagree with the provisions of the bill, which draw upon funding for this worthy objective from the KUSF.

The KUSF is in its fifteen year of providing support to local telephone service providers to assist in making universal service available in high cost area of the state, to provide dual-party relay service and telecommunications equipment for persons with disabilities and to provide assistance to those with lower incomes through the Lifeline program. For the last several years, the KUSF has also provided funding for Kan-Ed. As of March 1, 2011, the Year 2011/2012 KUSF funding requirement is \$61.7 million and the carrier assessment rate is 6.18%, a slight decrease from the Year 2010/2011 rate of 6.64%.¹

The high KUSF rates have made Kansas the third largest state fund in the nation, and with all the other taxes already assessed – making Kansas residents some of the “most heavily taxed consumers” of telecommunications services in the nation.

The KUSF is already under review; due to this history and heavy weight it already places upon Kansas telephone customers. A November 18, 2011 Order of the Federal Communications Commission undeniably forces consideration of the intent and scope of state universal service or high cost programs; it is possible over time that state programs such

¹ Kansas Corporation Commission 2012 Report to the Legislature, KUSF Requirement (2011-2012). The KUSF provides approximately \$50 million in high-cost support, \$2.8 million for low-income subscribers, \$1.2 million telecommunications equipment program, and \$6 million for Kan-Ed.

as the KUSF will no longer be necessary, if fulfillment of the FCC goals for universal broadband is fully realized.

Verizon is clearly on record in recommending rigorous examination of taxes and fees placed now upon our customers. We are signatory to the CTIA Consumer Code for Wireless Service, with principles agreed by the entire wireless industry to be transparent about our rates, plan details and government imposed taxes and fees. We are obliged to assist our customers in understanding the charges on their bills.

Most fundamentally, the establishment and support of a disaster relief fund should come from general tax revenues. If the public policy need is clearly determined as a public good for the State of Kansas, then most respectfully it should properly funded in an open and transparent manner, out the General Fund of the State.

As I mentioned, the KUSF is under major review and very likely will see changes in its scope and overall expense. Even in its most robust and as we assert most burdensome but best of times, was and still is a short-term fix to support providing telephone service in remote areas. It should not be a funding source for completely unrelated and unpredictable natural disasters. If the KUSF has excessive funds available, then the "hit" for the subsidizing customer base – our customers paying every month for the KUSF – should be reduced, not transferred to any other agency or admittedly good cause.

Verizon believes strongly in open transparent billing of charges, fees and taxes. We hope that you Senators will support us in that endeavor and seek funding for the disaster relief from another, more generally applicable source.

Thank you, and I stand for questions.