

Legislative Analysis



TELECOMMUNICATIONS LIFELINE PROGRAM

Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

House Bill 5263 as reported from committee
Sponsor: Rep. Aaron Miller
1st Committee: Communications and Technology
2nd Committee: Ways and Means
Complete to 1-21-20

Analysis available at
<http://www.legislature.mi.gov>

(Enacted as Public Act 34 of 2020)

BRIEF SUMMARY: House Bill 5263 would remove the existing criteria whereby low-income customers can receive a reduced rate for telephone services and in their place adopt the criteria necessary to qualify for the federal Lifeline program, beginning January 1, 2020.

FISCAL IMPACT: House Bill 5263 would not have an appreciable fiscal impact on any unit of state or local government.

THE APPARENT PROBLEM:

According to committee testimony, the Federal Communication Commission (FCC) is phasing out its subsidized low-income landline support services program by 2021. Currently, the FCC provides subsidies to states that have “lifeline” programs and provide reduced costs for landlines in low-income households. However, the FCC will no longer provide those subsidies for landlines and will instead direct subsidy dollars toward cell phone services for low-income households. Legislation has been proposed to update Michigan law to reflect federal law and to keep up with the growing preference for cell phones over landlines.

THE CONTENT OF THE BILL:

House Bill 5263 would amend the Michigan Telecommunications Act to remove the existing criteria whereby low-income customers can receive a reduced rate for telephone services and in their place adopt the criteria necessary to qualify for the federal Lifeline program, beginning January 1, 2020.

Additionally, beginning January 1, 2020, if a person did not meet the criteria for the federal Lifeline program and was otherwise ineligible to continue to receive the reduced rate, the person could continue to do so if all of the following applied:

- The person received the reduced rate prior to January 1, 2020.
- The person continued to meet the current criteria (namely, participation in a federal assistance program such as food stamps or Medicaid).
- The person complied with the provider’s annual recertification requirement, if any.

Currently, the Michigan Public Service Commission (MPSC) must establish a rate for each subscriber line of a provider so that the provider can recover costs of the reduced rate initiative. Instead, the bill would require the MPSC to do so only upon request of a provider.

Beginning November 30, 2022, a provider of *basic local exchange service* could opt out of offering a reduced rate for low-income customers as long as it provided 90 days' written notice to the MPSC and all people receiving the reduced rate.

Basic local exchange service means the provision of an access line and usage within a local calling area for the transmission of high-quality two-way interactive switched voice or data communication.

MCL 484.2316

ARGUMENTS:

For:

Supporters of the bill argued that phasing out landline services and redirecting the subsidy options to cell phone services is merely keeping in line with federal regulations. Because the FCC will not be subsidizing landlines for low-income households by 2021, either Michigan would have to cover what the FCC was providing or low-income households would be left with higher landline costs to cover on their own. The bill would instead provide low-income Michiganders with the option to have their cell phone costs subsidized, which would also reflect the ubiquitous use of cell phones over landlines.

Against:

Critics of the bill raised concerns regarding low-income households in rural areas who have no cell phone coverage and depend on landlines for phone services. Even though those households could receive subsidies for cell phone bills, if the cell phones cannot be used because there is no tower for them to connect to, those households will be left in the dark for any lifeline services.

POSITIONS:

A representative of AT&T testified in support of the bill. (12-4-19)

Frontier Communications indicated support for the bill. (12-4-19)

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