

Department of Planning and Budget 2005 Fiscal Impact Statement

1. Bill Number HB2158

House of Origin	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. Patron Nutter

3. Committee

4. Title Wireless service authority act.

5. Summary/Purpose:

Allows multiple localities and certain regional industrial facilities authorities to create a wireless service authority.

6. Fiscal Impact: Indeterminate at this time (see 8. below)

7. Budget amendment necessary: No

8. Fiscal implications:

The proposed legislation is expected to have minimal fiscal impact on the Virginia Information Technologies Agency (VITA), the Commonwealth's provider of telecommunication services. However, under several possible scenarios some impact could result:

Increase in competition: Adoption of HB 2158 could lead to a local authority offering services that VITA either provides directly or could place under a state contract. VITA would thereby lose the telecommunications services business of the affected localities, if they were previously obtaining the services from the state. A related potential risk is VITA's loss of revenue earned from a locality, now using a state contract, that elects to instead acquire these services from a neighboring local authority.

Increase in service provider choices: Conversely, having a local authority providing telecommunications services may give VITA an additional source for acquiring services that could be offered to the state's broader customer base as another alternative. This scenario has the potential to increase revenues for VITA, but reduce costs to other agencies who may seek these services from the localities.

In terms of costs, revenues obtained from VITA-provided telecommunications services only slightly exceed costs. This is due to the minimal added expense of customer billing handled by VITA. Essentially, telecommunications is a pass-through service from the major provider companies to state agencies. Accordingly, while the possibility of changes in VITA

customers' demand for telecommunications services resulting from this proposed legislation exists, it will not significantly affect the agency's financial status.

9. Specific agency or political subdivisions affected: Virginia Information Technologies Agency

10. Technical amendment necessary: No

11. Other comments: None

Date: 01/14/05 /wfb

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cc: Secretary of Technology