

## Department of Planning and Budget 2005 Fiscal Impact Statement

**1. Bill Number** HB2158

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

**2. Patron** Nutter

**3. Committee** Passed both Houses

**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:** See item 8.

**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, which 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 that 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 should 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:** 03/08/05 /wfb

**Document:** G:\Bos Stuff\2005 Legislation\Hb2158ER.Doc

cc: Secretary of Technology