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HOUSE JOINT RESOLUTION NO. 635**AMENDMENT IN THE NATURE OF A SUBSTITUTE**

(Proposed by the House Committee on Corporations, Insurance and Banking
on January 31, 1997)

(Patron Prior to Substitute—Delegate Bennett)

Requesting the State Corporation Commission to continue its efforts to open up competition in the Virginia local and long distance telecommunications markets and to foster and encourage the evolution of a telecommunications system which offers reasonable and affordable prices to Virginia's schools and libraries by monitoring and participating in the FCC universal service proceedings and initiating such intrastate proceedings as may be required.

WHEREAS, there exists a need for the Commonwealth to foster and encourage the evolution of a telecommunications system which offers reasonable and affordable prices to Virginia's schools and libraries; and

WHEREAS, on February 8, 1996, Congress passed the Telecommunications Act of 1996 (TA 1996), which is designed to open up competition in the local exchange market between telephone, cable, and other communications companies, primarily through the use of interconnection agreements approved by each state's public utility commission, and to permit local exchange companies such as Bell Atlantic and GTE to compete in the long distance markets; and

WHEREAS, on August 8, 1996, the Federal Communications Commission (FCC) promulgated 700 pages of rules implementing TA 1996; and

WHEREAS, TA 1996 created the Federal-State Universal Service Joint Board and directed the board to make recommendations to the FCC on how "universal service" should be defined, what basic services should be included in universal service, and when the TA 1996 goal to achieve universal service should be completed; and

WHEREAS, the board's recommendations, issued November 7, 1996, included a proposal to provide discounts of 40 to 90 percent for approximately 97 percent of the country's grade schools, at a cost capped at \$2.25 billion per year; and

WHEREAS, the media reported that this proposal was in response to President Clinton's support, during a campaign speech in mid-October 1996, for giving schools and public libraries free basic access to the Internet through an "E" (education) rate; and

WHEREAS, final rules to implement the Universal Service Fund are due from the FCC by May 8, 1997; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That the State Corporation Commission be requested to continue its efforts to open up competition in the Virginia local and long distance telecommunications markets between telephone, cable and other communications companies. The SCC is also requested to monitor and participate in all FCC universal service proceedings to attempt to ensure that the Commonwealth's schools, colleges, universities, libraries, and all other state and local government agencies receive the full benefits of the FCC's Universal Service Fund rules. The SCC should further attempt to ensure that any funding mechanism developed by the FCC to pay for the discounts available under the Universal Service Fund does not unreasonably export money from Virginia to the disadvantage of Virginians. In addition, the SCC is requested to take such steps as are necessary to carry out its responsibilities in implementing discounts to schools and libraries as required by TA 1996 and the FCC, including initiating such intrastate proceedings as may be required.

Assistance may be provided to the SCC by the Joint Subcommittee on Science and Technology created by House Joint Resolution 195 (1996) or a successor joint subcommittee or entity thereof. Upon request, all agencies of the Commonwealth shall provide assistance to the SCC.

The SCC shall report its findings and recommendations on or before November 15, 1997, to the Joint Subcommittee on Science and Technology, or a successor joint subcommittee or entity thereof, and shall also submit its findings and recommendations to the Governor and the 1998 Session of the General Assembly as provided in the procedures of the division of Legislative Automated Systems for the processing of legislative documents.