

1 SENATE JOINT RESOLUTION NO. 15

2 INTRODUCED BY E. STONINGTON

3

4 A JOINT RESOLUTION OF THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE STATE OF
5 MONTANA REQUESTING THE LEGISLATIVE COUNCIL TO DESIGNATE AN APPROPRIATE INTERIM
6 COMMITTEE OR DIRECT SUFFICIENT STAFF RESOURCES TO STUDY THE COMPETITIVENESS OF THE
7 EXISTING TELECOMMUNICATIONS MARKET IN MONTANA WITH SPECIFIC ATTENTION TO THE
8 DIFFERENCES THAT EXIST BETWEEN PRIVATE, FOR-PROFIT TELECOMMUNICATIONS COMPANIES AND
9 TELEPHONE COOPERATIVES IN THE AREAS OF REGULATION, TAX TREATMENT, AND RECEIPT AND
10 USE OF FEDERAL UNIVERSAL SERVICE FUNDS; AND REQUIRING A REPORT TO THE 58TH
11 LEGISLATURE.

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13 WHEREAS, the federal Telecommunications Act of 1996 and Senate Bill No. 89, Chapter 349,
14 Laws of 1997, laid the foundation for increased competition in the Montana telecommunications industry;
15 and

16 WHEREAS, advanced telecommunications services have become a vital component of the ability
17 of the business community and private citizens to bridge distances to regional and global markets; and

18 WHEREAS, the rapid development of more effective and efficient methods of providing
19 telecommunications outpaces the current regulatory process and review of telecommunications services;
20 and

21 WHEREAS, private, for-profit telecommunications companies doing business in Montana and
22 companies contemplating entering the telecommunications market in Montana are regulated by the Public
23 Service Commission, pay higher property tax rates if centrally assessed, pay income and excise taxes, and
24 generally do not receive as much support from the federal universal service fund as telephone
25 cooperatives; and

26 WHEREAS, it is fundamental to the public policy of this state to ensure the protection of universal
27 service for rural telephone customers and to establish and ensure that the competitive environment in the
28 state's telecommunications industry is level, fair, and equitable and does not provide a competitive
29 advantage to any one type of business entity over any other; and

30 WHEREAS, the public policy of this state should ensure the fair and equitable assessment of taxes

1 on telecommunications property and an overall telecommunications tax structure that does not result in
2 an advantage or disadvantage to any telecommunications company in a competitive environment and
3 protects the tax base of the state from abuse and erosion; and

4 WHEREAS, a level, competitive playing field in Montana will promote private investment in
5 telecommunications infrastructure of the state, encourage continued infusion of capital into the state's
6 telecommunications marketplace, and encourage new entrepreneurial activities in the state's
7 telecommunications industry, including the development of efficient, unsubsidized private sector
8 competition and investments in new and advanced services.

9

10 NOW, THEREFORE, BE IT RESOLVED BY THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE
11 STATE OF MONTANA:

12 That the Legislative Council be requested to designate an appropriate interim committee, pursuant
13 to section 5-5-217, MCA, or direct sufficient staff resources to study the existing competitive marketplace
14 in the Montana telecommunications industry, including but not limited to:

15 (1) the rationale for the differences in property tax rates applied to telephone cooperatives and
16 centrally assessed telecommunications companies;

17 (2) compliance with and the collection of the telecommunications excise tax;

18 (3) the presence and extent of existing and potential subsidized competition in the provision of
19 telecommunications services;

20 (4) the regulatory framework currently governing the telecommunications industry and whether
21 changes in scope or purpose are necessary to ensure adequate consumer protection and choice and the
22 economic viability of existing and future telecommunications services providers;

23 (5) policies or statutes that create barriers to entry into the Montana telecommunications
24 marketplace;

25 (6) the long-term impacts or effects that a competitive marketplace in the telecommunications
26 arena may have on the state tax base;

27 (7) the effectiveness and appropriateness of state-sponsored financial incentives to spur
28 telecommunications infrastructure development, including a review of:

29 (a) whether the advanced telecommunications infrastructure development tax credit should be
30 retained, expanded, or eliminated; and

- 1 (b) the viability of additional grant or loan programs;
- 2 (8) conditions where public-private partnerships may improve public access to advanced
3 telecommunications infrastructure in unserved or underserved areas;
- 4 (9) strategies and initiatives to aggregate demand for advanced telecommunications services in
5 high-cost areas;
- 6 (10) the role of telecommunications services providers in expanding economic development efforts
7 and the state's position in the global marketplace; and
- 8 (11) disincentives for private investments in advanced telecommunications infrastructure and
9 services.

10 BE IT FURTHER RESOLVED, that interested citizens and individuals and groups with specialized
11 expertise in telecommunications be encouraged to participate in the study.

12 BE IT FURTHER RESOLVED, that, if the study is assigned to staff, any findings or conclusions be
13 presented to and reviewed by an appropriate committee designated by the Legislative Council.

14 BE IT FURTHER RESOLVED, that all aspects of the study, including presentation and review
15 requirements, be concluded prior to September 15, 2002.

16 BE IT FURTHER RESOLVED, that the final results of the study, including any findings, conclusions,
17 comments, or recommendations of the appropriate committee, be reported to the 58th Legislature.

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