

**STATE OF MARYLAND
OFFICE OF PEOPLE'S COUNSEL**

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BILL NO: **Senate Bill 746 –Telecommunications
Companies—Universal Service Trust Fund
Surcharge**

COMMITTEE: **Finance**

HEARING DATE: **March 6, 2012**

SPONSOR: **Senator Middleton**

POSITION: **Support (Written Only)**

Senate Bill 746 would expand the category of companies and services that are subject to the Universal Service Trust Fund surcharge. Currently, only switched local exchange access service (landline telephone service) is subject to the surcharge. This Bill would expand the types of services which would be subject to the surcharge to wireless and Voice –Over- Internet –Protocol (VOIP) services.

The Universal Service Trust Fund (USTF) pays for the Maryland Relay Service and other services and equipment for persons with disabilities. Some types of disability or impairment make it difficult to use traditional forms of telecommunications services. All Maryland residents benefit from having services such as the Maryland Relay service available because the Service allows them to interact telephonically with deaf or hearing impaired citizens, or citizens who may have speech, vision or mobility problems. Funding through the traditional mechanism applied solely to landline service may not be sufficient in the future as more Maryland residents use cellular phones or VOIP services

instead of landline service. By some estimates, the percentage of Marylanders who use wireless and VOIP services with no landline service is about 20%. ¹As more people migrate away from landline service, funding for the USTF will continue to decline. However, no matter what other telecommunications services those Marylanders choose to use, they still stand to benefit from the connectivity the USTF provides between them and other citizens. Since there is no difference in benefits provided to landline, wireless or VOIP customers by these services, OPC agrees that the surcharge should be applied to those other forms of telecommunications services to further the public policy of the State that all of its citizens have access to telecommunications service.

Therefore, the Office of People's Counsel urges a FAVORABLE report.

¹ Verizon considers the number of its "landline" customers proprietary. There is general acknowledgment however, that the number of "wireless only" household will continue to grow. This is particularly true for younger segments of the population. The 20 % figure above is from "Wireless Substitution: State -level Estimates From the National Health Interview Survey, January 2007-June 2010", National Health Statistics Reports, Number 39,p.17, Table 1 (April 20,2011).