**IN SUPPORT OF SB 308 - Rural Telecommunications & Broadband**

SB 308 allows the New Mexico PRC to reform its Universal Service Fund (USF) and emphasize its use for broadband in un-served or underserved areas of the State, provides no less than $5 million annually for matching grants for new broadband infrastructure in un-served or underserved areas of New Mexico, and requires at least 60 percent of the Fund be used for broadband improvements.

Forty percent of the Fund will continue to be used to eligible telecom carriers to provide affordable telephone service to consumers, healthcare facilities, and eligible schools and libraries in rural NM.

The existing formula is obsolete due to fewer landlines, free mobile calling and texting. SB 308 allows the PRC to change the funding formula as necessary for all (nongovernmental) users of voice communications.

Revenue for the Fund is generated by a 5.03 percent surcharge on local and intrastate long distance telephone calls. SB 308 allows the PRC, after rulemaking, to change the surcharge from a percent fee to a flat fee or a combination of the two.

If SB 308 is not signed,

1. consumers will see the percent surcharge increase each year. The likely increases through 2020 are: 5.59% in 2018, 6.22% in 2019, and 6.91% in 2020. *(Average basic residential rate is $25. Average basic small business rate is $40).*
2. Less revenue for new and existing broadband projects.
3. The possibility of more carrier lawsuits based on an obsolete funding formula.