

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: June 26, 2008
POSITION: Neutral
SPONSOR: Latino Issues Forum

BILL NUMBER: AB 2885
AUTHOR: H. De La Torre
RELATED BILLS: AB 2136

BILL SUMMARY: Telecommunications: Mobile Telephony Service

Existing law requires providers of telephone prepaid debit cards to register with the California Public Utilities Commission (PUC) and subjects unregistered providers to cease and desist orders along with potential fines and penalties. Existing law also provides that the PUC, in coordination with the California Attorney General's Office (AG), may file suit against providers. This bill would allow the PUC to pursue enforcement actions independent of the AG and would expand activities to include pursuit of registered and unregistered providers for misleading and false advertising in violation of existing Business and Professional Codes.

FISCAL SUMMARY

According to the PUC, implementation of this bill would require 1.0 Personnel Years at the cost of \$143,000 from the Public Utilities Commission Utilities Reimbursement Account (PUCURA) to perform the expanded enforcement. Finance notes that the need for staffing and resources to implement the provisions of this bill would be evaluated during the fall budget development process. The revenues from the sale of prepaid phone cards are subject to PUCURA charges. Companies may in turn factor the fees into the price of the card in the form of surcharges to purchasers.

The PUC expects that added enforcement actions will increase the amount of fines, penalties and settlements paid by providers, which would be deposited into the General Fund. The PUC is unable to estimate the expected annual revenue.

This bill would impose a state-mandated local program by expanding the definition of a crime. Under Section 6(b) of Article XIII B of the California Constitution, any costs to a unit of local government which result from legislation defining a new crime or changing an existing definition of a crime are not reimbursable by the state. Therefore, any local government costs resulting from the mandate in this measure would not be state-reimbursable because the mandate only involves the definition of a crime or the penalty for conviction of a crime.

SUMMARY OF CHANGES

Amendments to this bill since our analysis of the prior version include the following significant amendments that change our position from neutral, note concerns to neutral. Specifically, this version of the bill would still help the PUC protect consumers from fraudulent charges associated with prepaid calling cards, but would do so with fewer resources and without creating a new set of regulations.

COMMENTS

The Department of Finance is neutral on this amended version of the bill because it would:

- Help to protect consumers from false advertising from prepaid phone card providers
- Provide additional protection for consumers without creating new regulations

Analyst/Principal (0663) K. DaRosa	Date	Program Budget Manager Karen Finn	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____
			Position Disapproved _____

BILL ANALYSIS Form DF-43 (Rev 03/95 Buff)

BILL ANALYSIS/ENROLLED BILL REPORT--(CONTINUED)
AUTHOR **AMENDMENT DATE**

Form DF-43
BILL NUMBER

H. De La Torre

June 26, 2008

AB 2885

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)								Fund Code
	LA	(Dollars in Thousands)								
	CO	PROP	2007-2008		2008-2009		2009-2010			
	RV	98	FC	FC	FC	FC	FC	FC		
8660/PUC	SO	No		-- C		\$143 C		\$143	0462	
1630/Settle/Judge	RV	No		----- See Fiscal Summary -----					0001	
8994/St Mandates	LA	No		----- No/Minor Fiscal Impact -----					0001	
<u>Fund Code</u>	<u>Title</u>									
0001	General Fund									
0462	Publ Utilities Comm Utilities Reimb Acct									