

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION

SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1182

2001 HOUSE EDUCATION

HB 1182

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1182

House Education Committee

Conference Committee

Hearing Date 02/⁰⁵~~45~~/01

Tape Number	Side A	Side B	Meter #
#1		X	1 to 2944
Committee Clerk Signature <i>Susan Albrite</i>			

Minutes:

Chairman R. Kelsch, Vice-Chair T. Brusegaard, Rep. Bellew, Rep. Grumbo, Rep. Haas, Rep. Hanson, Rep. Hawken, Rep. Hunsakor, Rep. Johnson, Rep. Meier, Rep. Mueller, Rep. Nelson, Rep. Nottestad, Rep. Solberg, Rep. Thoreson

Chairman Kelsch: We will now open the hearing on HB1182.

Chancellor Larry Isaak: *Please refer to written testimony*

Mike Schnell: (ND Student Association) *Please refer to written testimony*

Jason Bernhardt: (Student Government of UND) Reads the testimony of Jason Matthews

Chairman Kelsch: Are you familiar with the amendments?

Bernhardt: Yes, and I believe that the UND students would reject those amendments. We accept the bill only as it is originally written, and that's because at UND, we provide telecommunications services to Greek houses and we also provide telecommunication services to business who are in our unions and also in incubators. Would any of those things be there if it

weren't for UND? And it's our opinion that the telecommunications company should probably just say thank you for providing 3,000 or 4,000 employees and 6000 off campus students that have to pay for phone lines. The telecommunication services at UND are very responsive to the students needs. They've been very willing to work with students who have a hard time paying their bills. They've been willing to work with us to try to get high speed Internet into the residence halls, they've been willing to work with all of our student organizations to make sure they have access, and the students seriously doubt that those things would have been done with somebody other than UND telecommunications.

Rep. Haas: So, these services have been provided all along on campus. What has changed to make this bill necessary now?

Bernhardt: That's our question, as far as we can see, the only thing that's changed is the telecommunications companies want a piece of the pie, and that's basically what it comes down to. I believe there's a \$1.5 million fiscal note attached. It's our belief that, if telecommunications companies go into our campuses, it's not going to make or break them, but I will guarantee you that they will not be nearly as responsive to the student needs on campuses. When you're just another account number, it's not necessarily their fault, but it's more difficult to be responsive.

Chairman Kelsch: Anyone who wishes to appear in opposition to HB1182?

Dan Kuntz: (Quest Corporation) Quest corporation provides telephone service in a number of the communities where universities are located in ND. Right now, a telephone company such as Quest corporation are required to comply with certain regulatory requirements. One of the big ones is, you have to allow dialing parity, so somebody can pick their own long distance company, you can't dictate anymore who's going to carry long distance to your customers.

There's number of others in the law that every telephone system is required to comply with. Part of the bill problem with universities providing their own service, the concern is when the state supported network is expanded, you start competing with the telephone companies and serving other types of businesses and offices or even residences outside the university system without complying with the same kind of requirements as the other companies have. What this bill is this university is exempt from all of the other necessary requirements to provide anybody else.

There'd be no restrictions on who they could serve. We've worked with the university systems, we've worked on some amendments over the last couple of weeks. Basically the amendments that were proposed to you represents some discussion between us and the institution. I think we're in agreement with most of the amendments. There are a few things that have come up in the last couple of days, and with a couple of changes on here, I think the Quest Corporation could accept the amendments to the bill. If you have the amendments in front of you, and if you go up four lines from the bottom of the first paragraph, the lines begin, 'they could serve these companies in the incubator systems for four years and then the language was added, if comparable service has comparable rates is not available from the private sector, we would be OK with taking out the term 'at a competitive rate', because I'm not sure who's going to define what a competitive rate is, and every time that somebody would want to stay beyond the four years, the automatic response will be that the rates weren't competitive. The other change that we would suggest. Two lines up from that same paragraph, we don't have a problem with people coming onto the campus sites for educational, governmental or even nonprofit uses, but what we think you need to add after the word 'nonprofit users of' add 'the systems or institutions' and then we would take out the rest of that sentence. We're not exactly sure what's intended by the words

'bridging and gateways' there. I think that if you added the language that we suggested, it would clarify, as long as the people are coming to the university sites to use the campuses, IVAN network for educational, governmental or non-profit purposes, that's fine, but we don't want it to extend outside the campus and start inner connecting with other businesses, e.g. Hospitals and others are non profits as well.

Chairman Kelsch: Can Chancellor Isaak come back up here? Can you respond to the proposed amendment by Mr. Kuntz.

Isaak: 'at competitive rates': we have a situation on one of our campuses, and there is some concern that if there isn't some language in there, they have business that is incubated on that campus, and they're concerned about having available service there at competitive rates, because if not, they're concerned that the store will start looking for other locations. I would want to look at that very carefully before saying that we would agree to eliminating 'at competitive rates'. Secondly, in terms of IVAN, I think the thing that we have to be careful with is that we are connected to some hospitals and so forth through different alliances. The medical school is with hospitals in rural areas and all over the state providing service either satellite or some other way, so I'd have to take a closer look at that so those things could continue to happen, because that's part of our outreach program into those areas.

Rich Leann: (UND) The information regarding bridge ways and gateways, what that does, it allows multiple sites to connect into IVAN. Some of the hospitals connect currently through this kind of equipment in order to have an action between continuing education functions at the other hospitals and the students that are located out there doing field work.

Rep. Brusegaard: This Con Mart in Mayville, how long have they been incubated?

Isaak: I'm not sure, I think it's been going on three to five years.

Rep. Brusegaard: When you do use the IVAN network to connect other hospitals, that's strictly used in fulfilling your mission as an educational institution with students you have working there.

Isaak: Correct, and also in outreach and continuing education for positions and so forth.

Rep. Nelson: At NDSU, with some of the extension branches, by definition, if they're using the IVAN network, would that meet the definition of on campus?

Isaak: In my view it would and it would certainly be covered in Section A here.

Rep. Nelson: That's the meaning that I would grab, but what would happen in a situation where a ND grain growers would set up some type of a seminar, or some type of a meeting that used that IVAN network. Would that be allowed?

Pat Seworth: The purpose of the subdivision F on the amendments would permit continued use to education, governmental and nonprofit users, so the example that you used with a non profit group would be able to continue to use the system.

Chairman Kelsch: Is the Barnes and Nobles bookstore covered under this amendment?

Seworth: Yes it would be, because that would be covered under C, in the amendment. Barnes and Nobles is located on UND.

Rep. Mueller: Would you walk us through how we go about identifying the providers that we currently have?

Rich Lean: The vendors that we currently use for our trunking would be Quest etc. We do all of our directory listing information, ATT is our provider for the state long distance network, so there are others who are involved. We also have some contracts with MCI for terminating services on the campus. So, we do use the vendors to bring services to the campus.

Rep. Mueller: With the passage of HB1182, do you see a different range of competition being involved here, are we going to see those folks having to adjust their rates somewhat to accommodate this?

Lean: I would think not, because we currently serve the students.

Isaak: Why do we need this bill now? Someone asked this. I'd like to ask Ilona Jeffcoat Sacco.

Jeffcoat-Sacco: (Public Service Commission) The face of regulation is changing. UND for twenty years or so has held a resellers certificate, and was a certified reseller of telecommunication services and that's because they were purchasing in blocks from AT&T and then reselling to their students. What happened in the last couple of years with the federal telecommunications act was there became a list of obligations on phone companies to open to competition. In UNDs situation, having a mandatory dial parity would mean a person in the dorm buying service from UND, everyone of those dorm units would be able to pick MCI to Sprint. There are some other interconnection type obligations. A competitor may want to use some of UNDs lines to interconnect and resell bits or pieces of that. As these obligations were becoming more apparent, we at the commission realized that we had these little phone companies out there on the university campuses. We gathered information and we began to realize there was question of whether they were truly a real phone company or something else. Whether they were exempt or not, and basically we produced a body of information, didn't come up with really any conclusion. When they talk about the financial impact, I think that it's the taking of all of these steps that don't exist yet. They're trying to preserve the status quo somewhat.

Chairman Kelsch: We will now open HB1182.

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1182 A

House Education Committee

Conference Committee

Hearing Date 02/07/01

Tape Number	Side A	Side B	Meter #
#2		X	20 to 581
Committee Clerk Signature <i>Jane Gilbert</i>			

Minutes:

Chairman R. Kelsch, Vice-Chair T. Brusegaard, Rep. Bellew, Rep. Grumbo, Rep. Haas, Rep. Hanson, Rep. Hawken, Rep. Hunskor, Rep. Johnson, Rep. Meier, Rep. Mueller, Rep. Nelson, Rep. Nottestad, Rep. Solberg, Rep. Thoreson

Chairman Kelsch: We will take up HB1182.

Rep. Brusegaard: I move the amendments.

Rep. Nottestad: Second.

Chairman Kelsch: What are the wishes of the committee?

Rep. Hawken: I move a DO PASS AS AMENDED

Rep. Brusegaard: Second.

Chairman Kelsch: Committee discussion.

The motion of DO PASS AS AMENDED passes with 15 YAY 0 NAY 0 ABSENT.

Floor Assignment: Rep. Hunskor

FISCAL NOTE

Requested by Legislative Council

01/11/2001

REVISION

Bill/Resolution No.: HB 1182

Amendment to:

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$0	\$0	\$0	\$0
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

1B. County, city, and school district fiscal effect: *Identify the fiscal effect on the appropriate political subdivision.*

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2. Narrative: *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

This bill would exempt higher education so that the campuses are not considered to be telecommunications services providers. Without this exemption, campuses will no longer be able to continue providing telecommunications services to students who reside in campus apartments, fraternity and sorority housing or affiliated entities, and also may no longer be able to serve students in residence halls. Examples of affiliated entities are those residing in campus facilities (e.g. food providers such as Subway in the student union food court) and technology incubator companies located on campus. Telecommunications services would be provided to these students and affiliated entities by local telecommunications providers, rather than by the campus.

If campuses are no longer able to provide telecommunications services to these students and affiliated organizations the current telecommunications costs (e.g. equipment, trunk lines from the telephone companies, cable plant and billing systems), will have to be spread over the remaining users. This will result in a much higher per unit cost as the number of subscribers declines.

