

FEDERAL COMMUNICATIONS COMMISSION**47 CFR Part 1****[MD Docket No. 03–83; FCC 03–184]****Assessment and Collection of Regulatory Fees For Fiscal Year 2003****AGENCY:** Federal Communications Commission.**ACTION:** Final rule.

SUMMARY: The Commission will revise its Schedule of Regulatory Fees in order to recover the amount of regulatory fees that Congress has required it to collect for fiscal year 2003. Section 9 of the Communications Act of 1934, as amended, provides for the annual assessment and collection of regulatory fees under sections 9(b)(2) and 9(b)(3), respectively, for annual “Mandatory Adjustments” and “Permitted Amendments” to the Schedule of Regulatory Fees.

DATES: Effective September 11, 2003.

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SUPPLEMENTARY INFORMATION:

Adopted: July 21, 2003.

Released: July 25, 2003.

By the Commission: Commissioners Copps and Adelstein concurring and issuing separate statements.

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I. Introduction

1. In this *Report and Order* (“*R&O*”), the Commission concludes a proceeding to collect \$269,000,000 in regulatory fees for Fiscal Year (FY) 2003. These fees are mandated by Congress and are collected to recover the regulatory costs associated with the Commission’s enforcement, policy and rulemaking, user information, and international activities.¹

II. Discussion**A. Development of FY 2003 Fees****i. Calculation of Revenue and Fee Requirements**

2. Each fiscal year, the Commission proportionally allocates the total amount that must be collected via regulatory fees (Attachment C).² For FY

2003, this allocation was done using FY 2002 revenues as a base. From this base, a revenue amount for each fee category was calculated. Each fee category was then adjusted upward by 23 percent to reflect the increase in regulatory fees from FY 2002 to FY 2003. These FY 2003 amounts were then divided by the number of payment units in each fee category to determine the unit fee.³ In instances of small fees, such as licenses that are renewed over a multiyear term,

approximately 23 percent in FY 2003 is reflected in the revenue that is expected to be collected from each service category. Because this expected revenue is adjusted each year by the number of units in a service category, the actual fee itself is sometimes increased by a number other than 23 percent. For example, in industries where the number of units is declining and the expected revenue is increasing, the impact on the fee increase may be greater.

³ In most instances, the fee amount is a flat fee per licensee or regulatee. However, in some instances the fee amount represents a unit subscriber fee (such as for Cable, Commercial Mobile Radio Service (CMRS) Cellular/Mobile and CMRS Messaging), a per unit fee (such as for International Bearer Circuits), or a fee factor per revenue dollar (Interstate Telecommunications Service Provider fee).

the resulting unit fee was also divided by the term of the license. These unit fees were then rounded in accordance with 47 U.S.C. 159 (b) (2).

ii. Further Adjustments to Payment Units

3. In calculating the FY 2003 regulatory fees for each service in Attachment D, the Commission adjusted the FY 2002 list of payment units (Attachment B) based upon licensee data bases and industry and trade group projections. Whenever possible, the Commission verified these estimates from multiple sources to ensure accuracy of these estimates.

4. The *R&O* also adjusts the payment units for FY 2003 by expanding the AM and FM Radio Station Regulatory Fees Grid. Since FY 1998, the Commission has used a grid that divides broadcast station regulatory fees by class of service, population, and type of service (AM/FM).⁴ This grid was originally

⁴ *Assessment and Collection of Regulatory Fees for Fiscal Year 1998*, Report and Order, 63 FR 35847, July 1, 1998, paragraph 37.

¹ See 47 U.S.C. 159(a).

² The costs assigned to each service category are based upon the regulatory activities (enforcement, policy and rulemaking, user information, and international activities) undertaken by the Commission on behalf of units in each service category. It is important to note that the required increase in regulatory fee payments of