



OHIO LEGISLATIVE SERVICE COMMISSION

Tom Middleton

Fiscal Note & Local Impact Statement

Bill: H.B. 281 of the 132nd G.A.

Status: As Introduced

Sponsor: Rep. Carfagna

Local Impact Statement Procedure Required: No

Subject: Establishes the Residential Broadband Expansion Program and makes an appropriation

State & Local Fiscal Highlights

- The bill creates the Residential Broadband Expansion (RBE) Program under the Development Services Agency (DSA) to support the financing of broadband expansion projects in communities across the state. Grants under the program would pay for "last mile" broadband service extensions, and would be for one-third of the total project cost.
- The bill designates cities, villages, and townships as the eligible recipients of grants under the program. Any costs to these local governments would be permissive, since they would elect to apply for grants to fund expansion projects under the program.
- If a project is engaged under the program, the county in which the project is to take place must also pledge one-third of the project cost. Any costs to counties would be permissive as well, however, due to the voluntary program terms set out in the bill.
- To fund the program, the bill creates the Ohio Broadband Development Grant Fund (Fund 5GT0) and capitalizes it via a transfer of \$2.0 million from unexpended, unencumbered cash from various sources to be identified within the DSA budget and appropriates that amount for FY 2019 under Fund 5GT0 line item 19550, Broadband Development Grants.
- DSA will incur operating costs to roll out and oversee the program. According to DSA, a new program manager would likely be needed to help establish program guidelines, monitor awards, and enforce compliance. Presumably, these operating costs will be paid from new Fund 5GT0 appropriation item 195550, Broadband Development Grants.

Detailed Fiscal Analysis

Overview

The bill creates the Residential Broadband Expansion (RBE) Program to support the financing of broadband services across the state. The Development Services Agency (DSA) is tasked with administering the program, under which grants are to be

awarded to cities, villages, and townships (referred to as project sponsors under the bill) to cover the "broadband funding gap" for "last mile" broadband service to communities lacking broadband access. Overall, the bill provides funding of \$2.0 million in FY 2019 for grants under the new program.

RBE Program participation terms

Under the bill, responsibility for funding a project is shared between broadband providers and project sponsors. A broadband provider may be either (1) a video service provider (VSP) authorized to provide video programming over wires or cables located at least in part in public rights-of-way, or (2) a telecommunications service provider that is capable of providing broadband service. A publicly funded broadband network service provider does not qualify as a broadband provider under the bill.

The project sponsor must select a broadband provider and, with the provider, determine the cost of the residential broadband expansion project and the amount the provider is willing to invest. The cost difference between the provider's proposed investment and the total cost to complete the project is what the bill seeks to help fund. The project's budget is to be paid for equally from three funding sources: (1) project sponsor video service provider fees, (2) matching funds from the county government in which the project is located, and (3) the RBE Program grant. Thus a grant under the RBE Program is to represent the broadband funding gap, amounting to 33.3% of the total project cost. Various other program requirements are set forth in the bill and described in more detail in the LSC Bill Analysis.

Program funding and administration

To fund the RBE Program, the bill creates the Ohio Broadband Grant Fund (Fund 5GT0) and requires DSA to identify \$2.0 million in unexpended, unencumbered cash within the DSA budget to pay for the program. The bill appropriates the full \$2.0 million in FY 2019 through Fund 5GT0 appropriation item 195550, Broadband Development Grants. The bill requires DSA to fund applications for residential broadband expansion projects on a first-come, first-served basis until program funds for the fiscal year are no longer available.

Finally, DSA will incur operating costs to roll out and oversee the program, as well as provide program statistics in its annual report, as required by the bill. According to DSA, a new program manager would likely be needed. That person's responsibility would be to help develop program guidelines, monitor awards, and assure recipients' compliance with the terms of the grants. Presumably, these operating costs will be paid from Fund 5GT0 appropriation item 195550, Broadband Development Grants.