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# OHIO LEGISLATIVE SERVICE COMMISSION

Office of Research  
and Drafting

Legislative Budget  
Office

H.B. 13  
133<sup>rd</sup> General Assembly

## Fiscal Note & Local Impact Statement

[Click here for H.B. 13's Bill Analysis](#)

**Version:** As Introduced

**Primary Sponsors:** Reps. Carfagna and O'Brien

**Local Impact Statement Procedure Required:** No

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### 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 projects under the program.
- To fund the RBE 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. The funding is appropriated for FY 2020.
- DSA will incur operating costs to start 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.

### Detailed Analysis

#### Overview

The bill creates the Residential Broadband Expansion (RBE) Program to support the financing of broadband services across the state. The program would be overseen by the Development Services Agency (DSA). Under the program, grants are to be awarded to municipal corporations 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.

Permanent law under the bill limits the cumulative total of grants during a biennium to no more than \$2.0 million. Since there is no cap on individual grants under the program and the bill specifies that grants will be approved on a first-come, first-served basis, this means that the entire \$2.0 million could potentially be awarded under one grant. However, the bill also allows DSA to adopt rules changing grant approval terms so that awards may not be made on a first-come, first-served basis, or so that awards may be partially funded.

## **Program funding and operating costs**

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 2020 through Fund 5GT0 appropriation item 195550, Broadband Development Grants.

DSA will incur operating costs to develop 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. Furthermore, if DSA elects to adopt rules permitting exceptions to the first-come, first-served grant approval process, there would be some additional administrative burden for establishing those terms and enacting further application and monitoring procedures. These costs could be paid from the \$2.0 million in appropriations in the bill provided under Fund 5GT0 appropriation item 195550, Broadband Development Grants, or perhaps other sources of funding under DSA’s budget.

## **Program participation terms**

Under the bill, responsibility for funding a project to provide last mile service is to be shared between the project sponsor and the RBE grant. The RBE grant share is to total one-third of the total project cost. To fund the remaining two-thirds of the project, the project sponsor can use revenues from a variety of sources, including (1) general revenue funds or other discretionary funds held by the project sponsor, (2) special property tax assessments on dwellings within the project area which the bill allows project sponsors to assess, (3) county funds, (4) video service provider (VSP) fees collected by the broadband provider and remitted to the project sponsor, and (5) contributions from individuals, organizations, or other entities, but not from the Connect America Fund or any other state or federal broadband expansion funds.

The bill lays out a process for project sponsors to select a broadband provider through a competitively sealed request for proposal (RFP) process and follow various requirements to expand the infrastructure to the unserved area. Any costs that project sponsors incur would be permissive. These procedural terms and various other program requirements are set forth in the bill and described in more detail in the LSC Bill Analysis.

As noted above, the bill specifies that DSA is to fund applications for RBE projects on a first-come, first-served basis until program funds for the fiscal year are no longer available. However, the bill also allows DSA to adopt rules identifying situations where projects may be funded on a partial basis, or where grant awards could be made on something other than a

first-come, first-served basis. Given this flexibility, DSA could adopt rules that specify applications may be awarded competitively instead of on a first-come, first-served basis, or to award partial funding of grants in an effort to maximize program funding usage.