



## HOUSE COMMITTEE ON APPROPRIATIONS

# FISCAL NOTE

HOUSE BILL NO. 2071

PRINTERS NO. 2518

PRIME SPONSOR: Causer

### COST / (SAVINGS)

FUND	FY 2021/22	FY 2022/23
General Fund	See Fiscal Impact	See Fiscal Impact

**SUMMARY:** House Bill 2071, Printer's Number 2518, creates the Pennsylvania Broadband Development Authority to administer and manage federal broadband deployment funding the Commonwealth receives to address the development and expansion of broadband services to unserved and underserved regions.

**ANALYSIS:** This bill amends Title 64 (Public Authorities and Quasi-Public Corporations) to add a new Chapter 61 establishing the Pennsylvania Broadband Development Authority (PBDA) for administering and managing federal broadband deployment funding the Commonwealth receives to address the development and expansion of broadband services to unserved and underserved regions. It also provides for definitions, such as "applicant," "community anchor institution," "overbuild," "project," "reliable broadband service," "underserved area" and "unserved area."

The PBDA will be an independent authority authorized to award grants under one or more programs established by the authority and the amount of grants shall be limited to the money available. The authority shall dissolve after ten years or all federal funds available have been exhausted and all applicable duties and responsibilities under federal law or guidance have been completed. Prior to its dissolution, the PBDA shall transmit notice to the Legislative Reference Bureau for publication in the Pennsylvania Bulletin.

The authority shall be governed by a board of directors that shall meet at least quarterly and be comprised of the following members: the Secretary of Agriculture, the Secretary of Community and Economic Development, the Secretary of Education, the Executive Director of the Center for Rural Pennsylvania, the Chair of the Public Utility Commission, the Secretary of General Services, the Secretary of the Budget and appointees of the President pro tempore of the Senate, the Minority Leader of the Senate, the Speaker of the House and the Minority Leader of the House. Members of the board shall not be entitled to compensation for their service. DCED shall provide administrative and legal services, including staff, to the authority and board, while the department would be reimbursed by the authority for such costs.

The bill also outlines other requirements of the authority as follows: the accounts and the books of the authority are subject to audits and reviews by the Auditor General; and the board shall

provide an annual report to the General Assembly and Governor detailing all projects funded and have it maintained on the authority's publicly accessible website. The authority may also establish accounts for the deposit of monies available, which shall be used to fund the program and pay administrative expenses incurred.

The powers and duties of the authority include the following: 1) adopt bylaws; 2) make and execute contracts, grants and other instruments; 3) apply for and receive money from any source consistent with the purposes of the act; 4) establish priorities for and allocate and disburse money received; 5) establish subcommittees composed of members and nonmembers of the board to consult with and advise the authority; 6) adopt a statewide broadband plan; and 7) perform other operational activities as necessary.

The authority shall aim to serve as a single point of contact for entities interested in broadband development and deployment in the Commonwealth. The authority shall promote and identify access to sources of funding and help coordinate joint efforts for broadband buildout. All agencies and departments of the Commonwealth charged with specific aspects of broadband development shall communicate and cooperate with the authority to help develop a centralized database of development activities to minimize duplication. The authority may develop educational materials to encourage adoption of broadband and may develop best practices for local governments to assist in streamlining zoning processes to expedite broadband deployment.

The bill states that the authority shall be responsible for drafting and filing all letters of intent, initial and final proposals or other correspondence to maximize access to the federal Broadband Equity, Access, and Deployment Program to be administered by the U.S. Department of Commerce. The authority shall also be responsible for developing a Statewide broadband plan in collaboration with local and regional entities to advance broadband buildout, including equitable access and digital literacy components to facilitate access of applicants to funding opportunities.

Applicants with the technical, managerial and financial expertise to design, build and operate high-speed broadband service within the Commonwealth shall be eligible to apply for grants through the authority and shall commit to investing a minimum amount of the entity's private capital as determined by the authority in accordance with federal law and guidance.

The authority shall develop an application form and make the application form available on the authority's publicly accessible internet website and award grants based upon a scoring system, which shall be released to the public at least 30 days before the beginning of an application period. The authority shall determine the criteria when scoring a grant application based on federal law or guidance and other factors the authority determines to be reasonable. Grant application periods shall be between 60 to 120 days. The authority may not award a grant to fund deployment of high-speed broadband service infrastructure for a project area that results in an overbuild.

Applicants shall deploy the broadband network and begin providing service to each customer that desires service not later than four years after the date in which the applicant receives a grant unless extended by the authority and allowed by federal law or guidance. Failure by an applicant to meet this timeframe may subject a grant award to refund or clawback by the authority.

This legislation would take effect immediately upon enactment.

**FISCAL IMPACT:** Enactment of this legislation creates the Pennsylvania Broadband Development Authority which is necessary to access, administer and manage specific federal broadband deployment requirements and funds available through the federal Broadband Equity, Access, and Deployment Program.

In accordance with the legislation, the board members of the newly created authority shall not be entitled to compensation for their service. Also, DCED shall provide administrative services and staff, including legal counsel staff, to the authority and the board. The authority shall reimburse the department for the cost of providing such services. A total of \$42.45 Billion is available nationally for this program under the federal Infrastructure Investment and Jobs Act of 2021 with a minimum initial allocation of \$100 million to each state. The federal act provides that states can use up to five percent of the minimum initial allocation for planning and pre-deployment activities and up to two percent of grant funds for administrative costs.

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**DATE:** December 15, 2021

*Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.*