

SENATE APPROPRIATIONS COMMITTEE

FISCAL NOTE

BILL NO. Senate Bill 835

PRINTER NO. 1800

AMOUNT

No Fiscal Impact

FUND

General Fund

DATE INTRODUCED

August 26, 2019

PRIME SPONSOR

Senator Langerholc

DESCRIPTION

Senate Bill 835 enacts the Unserved High-Speed Broadband Funding Pilot Program Act to provide for the expansion of high-speed broadband service infrastructure to unserved areas of the Commonwealth.

This bill authorizes the Commonwealth Financing Authority (authority) to administer, receive and award grants for the program. Eligible grant awardees must be a nongovernmental entity that must commit a minimum of 25% of the company's private capital to finance the project.

The authority shall release, 30 days before the application period, the scoring system for the awarding of grants. The metrics shall include the size and scope of the unserved area, the capability of the applicant to provide the service, the amount of time the applicant has been providing broadband service, the extent to which government support is necessary, the proportion of private capital pledged, the service speed capability, the scalability of the project, and that there will be no overbuild in an area that is already being served.

The application shall include evidence of the entity's experience providing broadband service, a description of the project area, certification that the project is not providing service to an area already served, a description of the proposed infrastructure, the number of homes and businesses served, the amount of private capital pledged, evidence of the economic and commercial feasibility, a list of all government authorizations and permits required and any other information required by the authority. After the close of the application period, the authority shall make the applications reviewable on its website. Within 45 days of the application posting, a provider to the proposed area may petition that the project will result in an overbuild.

This legislation requires that a grant recipient may not work on a project before receiving approval from the authority. Also, no substantial changes may be made to the project without first receiving written consent from the authority. Grant monies may only be used for projects approved by the board, and any unused money shall be returned to the authority. The money may not be used for the following:

- Fees for securing financing;
- Paying interest on borrowed money;

SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

- Refinancing existing debt;
- Paying for lobbying services;
- Fines; or
- Application fees.

Senate Bill 835 appropriates \$5,000,000 from the General Fund to the newly created Unserved High-Speed Broadband Funding Program Account. The bill also repeals the \$5,000,000 Mobile Telecommunications Broadband Investment Tax Credit as a requirement for the bill to go into effect.

FISCAL IMPACT:

Senate Bill 835 will have no fiscal impact on Commonwealth funds. The bill appropriates \$5,000,000 from the General Fund for fiscal year 2020-21. The bill also requires the repeal of the \$5,000,000 Mobile Telecommunications Broadband Investment Tax Credit. The elimination of this tax credit offsets the appropriation from the General Fund providing a net-zero impact on the General Fund.