

SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

BILL NO. Senate Bill 442

PRINTER NO. 460

AMOUNT

See Fiscal Impact

FUND

General Fund
Other Funds

DATE INTRODUCED

March 19, 2021

PRIME SPONSOR

Senator Phillips-Hill

DESCRIPTION

Senate Bill 442 establishes the State-owned Assets and Broadband Services Act requiring the Department of General Services (department) to include in its inventories and surveys of real estate structures and assets information on the possible use of those assets for fixed or mobile broadband services when analyzing the resources available to provide broadband services in underserved and unserved areas.

The legislation provides that counties may prepare and periodically update an inventory of county-owned assets available for use to provide broadband services in underserved and unserved areas and requires the department to utilize the information provided by counties when analyzing the resources available to provide broadband services in underserved and unserved areas.

The legislation provides that the state agency having responsibility for an asset may lease or convey a license or other interest in the asset in order to permit its use by a qualified broadband service provider to deploy broadband services in an underserved or unserved area.

The legislation establishes the Broadband Services Restricted Account (restricted account) in the General Fund. It specifies that money in the restricted account is appropriated on a continuing basis to the department for the purpose of deploying high-speed broadband services in underserved and unserved areas. It requires the following funds to be deposited into the restricted account:

- All revenues generated from leases, licenses or other interests authorized in the legislation;
- All revenue generated from the contract entered into between the department and a wireless infrastructure provider program manager identified by the department as contract number 4400021522; and
- All revenues generated from any other contract or agreement entered into by the department and a wireless infrastructure program manager for the following purposes:
 - To analyze and market state-owned-assets;

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- To manage occupancy, revenues and expenses associated with each asset;
- To construct, or facilitate the construction of, new telecommunications equipment on Commonwealth-owned land or assets;
- To retrofit or facilitate the upgrading of existing telecommunications equipment; and
- To enter into site occupancy agreements for assets and telecommunications equipment with service providers that will facilitate the deployment of broadband services to urban and rural consumers.

The legislation requires the department to adopt guidelines for qualifications for broadband service providers and negotiating and finalizing site occupancy agreements. It also requires the department, or its designee, to identify an appropriate timeline of not more than 90 days to approve site occupancy agreements.

The legislation specifies that the Pennsylvania State Police (PSP) has jurisdiction over the Statewide Mobile Radio and Microwave System and that proceeds from the lease or licensing of a tower or other asset of the Statewide Mobile Radio and Microwave System shall be used for the purpose of maintaining and approving the system.

The legislation does not apply to the PSP or to the Pennsylvania Historical and Museum Commission.

The legislation is scheduled to take effect immediately.

FISCAL IMPACT

At present, the Department of General Services has agreements to co-locate broadband infrastructure on state assets that will generate \$37,000 in annual General Fund revenue. Under Senate Bill 442, these funds will be diverted to the new restricted account established in the legislation and will result in a revenue loss of \$37,000 annually to the General Fund.

With the buildout of broadband across the Commonwealth, additional revenues will accrue to the new restricted account in future years. The department's Office of Enterprise Wireless Operations projects that over the next four years (2021-2024) revenue from co-locating broadband infrastructure on state assets will generate as much as \$7.1 million in annual revenue for various other Commonwealth funds. However, it is estimated that up to 40% (\$2,840,000) of that revenue will be attributed to co-locations on PSP's Statewide Mobile Radio and Microwave System, which will be excluded from the restricted account. Therefore, as much as \$4.3 million of annual revenue will be directed to the Broadband Services Restricted Account instead of the respective Commonwealth fund. Since this is a new revenue source that will be redirected, however, the other Commonwealth funds will not be negatively impacted relative to current revenue collections.

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The administrative provisions contained in Senate Bill 442 requiring the department to inventory and survey real estate structures and assets information on the possible use of those assets for fixed or mobile broadband services in unserved and underserved area will have no fiscal impact. At present, the department conducts such surveys and catalogs this information as part of its normal course of business.