

Fiscal Estimate - 2017 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 17-4652/1	Introduction Number SB-847
Description various changes to the broadband expansion grant program; local government telecommunications, video, or broadband service facilities; claiming the manufacturing and agriculture tax credit; granting rule-making authority; and making appropriations	
Fiscal Effect State: <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input checked="" type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs	
Local: <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue 5. Types of Local Government Units Affected <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities 2. <input type="checkbox"/> Decrease Costs 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts	
Fund Sources Affected Affected Ch. 20 Appropriations <input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	
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Date 3/1/2018	

Fiscal Estimate Narratives

PSC 3/1/2018

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Assumptions Used in Arriving at Fiscal Estimate

SB 847 creates 20.155(3) (a), which provides \$100,000,000 of general purpose revenue in both FY 2017-2018 and FY 2018 – 2019 for broadband expansion grants. It also creates 20.155(3) (g), which provides program revenue funding for broadband expansion grants from broadband grant reimbursements that are required if grant recipients do not complete broadband infrastructure construction or do not provide the required broadband service.

SB 847 would make a telecommunications utility that is also an incumbent local exchange carrier (ILEC) under federal law and has applied for support from the Federal Communications Commission (FCC) under its Connect America Fund Phase II (CAF II) or Alternative Connect America Cost Model (A-CAM) programs ineligible to apply for a grant. The telecommunications utilities that would still be eligible to apply for a grant would include: 1) Two medium-sized telecommunications utilities; 2) Approximately 24 small telecommunications utilities and cooperative telephone companies that are ILECs but elected to continue to receive federal high-cost support rather than transition to A-CAM support; 3) One municipal-owned telecommunications utility; 4) Four entities certified as a telecommunications utility under state law and defined as competitive local exchange carriers (CLECs) under federal law that have previously applied for a broadband grant (there are many other CLECs that are certified to offer service in this state that have not applied for a broadband grant); 5) Six entities that have registered to provide a Voice over IP service under state law, that are defined as commercial mobile radio service providers (CMRS) and hold federal spectrum licenses from the FCC to provide a wireless service including a fixed wireless internet service, and that have applied for a broadband grant in a prior proceeding grant (there are additional CMRS providers that are certified to provide a VoIP service in this state that have not applied for a broadband grant).

SB 847 does not prohibit an eligible telecommunications utility from overbuilding the service area of a telecommunications utility that has applied for CAF II or A-CAM support. SB 847 does not prohibit an eligible telecommunications utility from applying for a grant to help fund a project to overbuild an area eligible for CAF II or A-CAM support.

SB 847 does not address the eligibility of telecommunications utilities that elect to participate in the CAF II Auction program that is scheduled to occur in 2018.

SB 847 would eliminate the requirement that a public entity that applies for a broadband grant enter into a partnership with a private entity for purposes of the grant application. Presumably, most political subdivisions would still partner with an existing broadband service provider to provide the service, including broadband service providers that are not eligible to apply under item #2 above. A political subdivision could apply for a broadband grant to fund the project of a publically-owned broadband service provider, subject to existing restrictions in state law including s. 196.58.

SB 847 would permit the PSC to award a broadband grant for the purpose of planning, including the investigation of various service alternatives, prior to committing to a single project plan for purposes of a broadband grant application.

SB 847 would require that at least 85% of grants awarded in a fiscal year be for the construction of broadband infrastructure in counties with populations of 65,000 or less. Under this rule, 23 of 72 counties would have restricted access to broadband grant funds.

SB 847 would place a higher priority upon projects that have no broadband service. Presumably, this provision would use the exiting definition for an unserved area – an area with no landline or fixed wireless

broadband service provider offering a service with a transmission speed greater than 5 Mbps download and 600 Kbps upload.

SB 847 creates a requirement that the PSC promulgate rules to require a post-project report for each grant project.

SB 847 would require the legislative audit bureau conduct an audit of the broadband grant program every two years.

SB 847 would require electric distribution companies to survey customers regarding broadband service availability and report the results to the Commission. Presumably, by using the agency of an electric service provider to create and report the broadband service data, the legislature believes the survey results will not be subject to the restrictions found in 47 CFR §§ 64.2001 – 64.2011, and can be disclosed publicly.

The additional funding that SB 847 creates would likely result in an increase in the number of broadband grant applications submitted in each fiscal year, and also result in an increase in the amount of an individual broadband grant request on average.

The rulemaking required by SB 847 will require a hearing examiner and legal staff to complete and submit the required documents.

This bill will require the Commission to hire one FTE to evaluate grant applications and engage in grant management. The bill will also require the Commission to hire one FTE to assist in the processing of grant payments and fiscal monitoring. As such, this bill will increase costs to the Commission by an estimated \$177,000 of salary, fringe and supplies related to expenditures associated with 2 FTE.

The other changes to the broadband expansion grant program affect the process used to award grants, and would have no fiscal impact upon the agency.

Long-Range Fiscal Implications