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FISCAL IMPACT STATEMENT

LS 6583

BILL NUMBER: HB 1277

NOTE PREPARED: Dec 22, 2023

BILL AMENDED:

SUBJECT: State Administration of Federal BEAD Program.

FIRST AUTHOR: Rep. Soliday

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: The bill specifies that the existing Indiana statute concerning the awarding of grants by the Office of Community and Rural Affairs (OCRA) for certain eligible broadband projects does not apply to subgrants awarded by the Indiana Broadband Office (Office) under the federal Broadband Equity, Access, and Deployment (BEAD) Program (Program), except for the definition of "eligible broadband service provider" set forth in the existing statute.

It establishes a new Indiana Code chapter governing the administration of the Program by the Office.

The bill requires the Office to administer the Program in Indiana in compliance with all mandatory provisions set forth in:

- (1) the federal Infrastructure Investment and Jobs Act; and
- (2) the BEAD Notice of Funding Opportunity (BEAD NOFO); with respect to the program.

It provides that before awarding a subgrant to an eligible broadband service provider during any round of funding under the Program, the Office shall submit to the Budget Committee for review the proposed amount and terms of the subgrant.

The bill provides that the following are not eligible to compete for a subgrant under the Program or to otherwise participate as a subgrantee:

- (1) The state.
- (2) A political subdivision of the state.
- (3) Any other public sector entity.

The bill also provides that the final proposal submitted by the Office to the National Telecommunications Information Administration (NTIA) with respect to the Program must include the following:

- (1) A statement that the Office will not waive the prohibition against:
 - (A) the state;
 - (B) a political subdivision of the state; or
 - (C) any other public sector entity; competing for a subgrant under the Program or otherwise participating in the Program.
- (2) The specifications for the required low cost broadband service option that are set forth in the Office's initial proposal, as submitted to and approved by NTIA.

Effective Date: Upon passage.

Explanation of State Expenditures: *Indiana Broadband Office (Office):* The bill limits who can apply to the BEAD Program. By limiting who can apply, it could potentially reduce the number of applications which could cause a minor decrease in workload.

The bill requires the Office to administer the federal BEAD program. The bill's requirements are within the Office's routine administrative functions and should be able to be implemented with no additional appropriations, assuming near customary agency staffing and resource levels.

Budget Committee: The bill requires the Budget Committee to review the amount and terms of a subgrant from the Indiana Broadband Office before the subgrant can be awarded. To the extent the Budget Committee would need to hold additional meetings, there would be additional expenditures for per diem and travel reimbursement. Budget Committee members are entitled to a per diem of \$294. An additional meeting is estimated at \$2,352 excluding mileage reimbursement.

Additional Information: The Indiana Broadband Office is administered by the Indiana Office of Technology (IOT). The federal BEAD program provides states with funding to expand high-speed internet access by funding planning, infrastructure development and adoption programs. Indiana was required to submit a 5-year action plan followed by the BEAD Initial Proposal, Volume 1 and Volume 2. Each volume was presented to the public for comment with the most recent comment period of Volume 2 ending on December 3, 2023.

Explanation of State Revenues:

Explanation of Local Expenditures: If any municipally-owned broadband networks exist, the bill would codify their ineligibility to receive BEAD funds as a subgrantee. Current law makes them ineligible for broadband grants in rural areas.

Explanation of Local Revenues:

State Agencies Affected: Indiana Office of Technology; Budget Committee; Indiana Broadband Office; Office of Community and Rural Affairs.

Local Agencies Affected: Corporations; municipally-owned broadband networks

Information Sources:

<https://broadbandusa.ntia.doc.gov/funding-programs/broadband-equity-access-and-deployment-bead-program>; <https://www.in.gov/indianabroadband/>.

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