

# **INTERIM JOINT COMMITTEE ON TOURISM, SMALL BUSINESS, AND INFORMATION TECHNOLOGY**

## **Minutes of the 2nd Meeting of the 2022 Interim**

**July 21, 2022**

### **Call to Order and Roll Call**

The 2nd meeting of the Interim Joint Committee on Tourism, Small Business, and Information Technology was held on Thursday, July 21, 2022, at 1:00 PM, in Room 149 of the Capitol Annex. Representative Phillip Pratt, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Wil Schroder, Co-Chair; Representatives Kim King, Co-Chair, and Phillip Pratt, Co-Chair; Senators Alice Forgy Kerr, Christian McDaniel, Robby Mills, Adrienne Southworth, Brandon J. Storm, Phillip Wheeler, and Mike Wilson; Representatives Lynn Bechler, Tina Bojanowski, Josh Branscum, Josh Calloway, Jeffery Donohue, Ryan Dotson, Daniel Fister, Deanna Frazier Gordon, Chris Freeland, David Hale, Thomas Huff, Norma Kirk-McCormick, William Lawrence, Charles Miller, Ruth Ann Palumbo, Michael Sarge Pollock, Josie Raymond, Brandon Reed, Rachel Roberts, Cherlynn Stevenson, Ashley Tackett Laferty, Nancy Tate, Timmy Truett, and Bill Wesley.

Guests: John Hicks, Director, Office of the State Budget; Sandy Williams, Director, Kentucky Infrastructure Authority; and Taylre Beaty, State Broadband Director, Tennessee Department of Economic and Community Development.

LRC Staff: Janine Coy, Audrey Ernstberger, Crystal Thompson, and Sasche Allen.

### **Approval of Minutes**

A motion to approve the minutes of the June 2, 2022, meeting was made by Senator Mills, seconded by Representative Fister, and approved by voice vote.

### **Broadband Deployment Fund Program Update**

The General Assembly appropriated \$300 million for unserved and underserved broadband areas across the state which includes \$117.2 million funded by the American Rescue Plan Act (ARPA) of 2021 Coronavirus State Fiscal Recovery Fund and \$182.8 million funded by the ARPA Capital Projects Fund. Forty-seven awards have recently been announced from the first round of broadband deployment funding which will cover more than 34,000 households and businesses across 36 counties and has a total investment of \$204 million. There is \$27.6 million remaining in the ARPA State Fiscal Recovery Fund.

The next round of funding will be taken from the ARPA Capital Projects Fund and requires working closely with the U.S. Department of Treasury. States are required to submit a grant plan and program plan for approval. In addition, \$42.45 million has been allocated to states through the Broadband, Equity, Access, and Deployment (BEAD) program for unserved and underserved locations with an estimated \$700 million for the Commonwealth and an estimated allocation of 2023.

HB 315 that was passed during the 2022 Regular Session established the Office of Broadband Development, and its duties and responsibilities include improving broadband accessibility for unserved and underserved communities and populations; administering the Broadband Deployment Fund; providing a single point of contact for broadband programs; developing a statewide broadband plan and mapping; maintaining statewide data and statistics; and creating a process to receive and resolve complaints of insufficient broadband service. The search for an executive director is underway. In addition, the Rural Infrastructure Improvement Program was established in HB 315 which allocates \$20 million for pole replacement subsidies.

Responding to Representative Bojanowski, John Hicks, the Director of the Office of the State Budget, stated that he could not comment on the new director of the Office of Broadband Development because the interview process is currently underway, but the director and staff will be imperative to formulate the required action plans and administer the broadband funding. In response to a follow up question, Director Hicks said the percentage of the state that is unserved is unknown.

Answering a question from Representative King, Director Hicks explained that the Water Resource Information System logo referenced on the PowerPoint was not actually relevant to the presentation.

Replying to Representative Calloway, Director Hicks offered reassurance that the Broadband, Equity, Access, and Deployment program funding will be acquired by the Office of Broadband Development.

Addressing comments made by Representative Kirk-McCormick, Director Hicks discussed the importance of providers in unserved areas to apply for funding. The next round of funding from the ARPA Capital Projects Fund should be available in the latter part of 2022, and BEAD funding should be available for distribution in the latter part of 2023.

In response to questions from Representative Pratt, Director Hicks explained that the new director of the Office of Broadband Development would be hired within the new few weeks. He reiterated that the next round of funding from the ARPA Capital Projects Fund should be available in the latter part of 2022, and it will be dependent on the grant plan submitted to the U.S. Department of Treasury. During the grant application process,

applicants were required to report certain details about the existing broadband and plans for delivering broadband.

Answering a question from Representative Tackett Laferty, Director Hicks said applications for the next round of funding have not been created yet, but those who are interested in applying can contact his office to discuss what is required of applicants.

Representative Stevenson commented on the unserved and underserved areas across the state.

Replying to Representative Dotson, Director Hicks stated there is a significant emphasis on fiber optics in state and federal legislation.

### **Tennessee Broadband Program and Grant Funding**

Economic development and rural community growth are two drivers behind Tennessee investing in broadband in recent years. The Tennessee Broadband Accessibility Act was passed in 2017, and involved investments in grants that would allow providers to apply for funds to offset the cost of deployment of broadband services in unserved areas, allowing electric cooperatives to provide broadband internet and video services within their service area, and grant fund allotments for libraries for digital literacy training. Since 2018, the Tennessee Department of Economic and Community Development has awarded \$120 million in states and CARES Act funding to make broadband service available to 140,000 Tennesseans in 64 counties. The Tennessee Emergency Broadband funding appropriates up to \$450 million for infrastructure and up to \$100 million for adoption. The program provider finalist list covers 74 projects in 55 counties impacting 137,000 households. The Capital Projects Fund appropriates up to \$215 million for middle mile last mile pilot projects and connected community facilities. Taylre Beaty, the Tennessee State Broadband Director, indicated that different communities may need different solutions both in terms of technology and types of providers. Partnerships and communication with stakeholders is key.

Responding to questions from Representative Pratt, Ms. Beaty clarified that the first State Broadband Director started in 2017 and the first round of funding began in 2018. Consultants and contractors are used for certain portions of the process but there are some things that are done by the state broadband office.

Answering questions from Representative King, Ms. Beaty explained that applicants can have more than one application depending on where they are eligible to provide service. There was an application for almost every county in Tennessee.

There being no further business, the meeting adjourned at 2:14 p.m.