

**COMMONWEALTH OF KENTUCKY FISCAL NOTE STATEMENT  
LEGISLATIVE RESEARCH COMMISSION  
2021 REGULAR SESSION**

**MEASURE**

2021 BR NUMBER 1299

HOUSE BILL NUMBER 348 HCS 1

**TITLE** AN ACT relating to broadband and making an appropriation therefor.

**SPONSOR** Representative Jason Petrie

**FISCAL SUMMARY**

STATE FISCAL IMPACT:  YES  NO  UNCERTAIN

OTHER FISCAL STATEMENT(S) THAT MAY APPLY:  ACTUARIAL ANALYSIS  
 LOCAL MANDATE  CORRECTIONS IMPACT  HEALTH BENEFIT MANDATE

APPROPRIATION UNIT(S) IMPACTED: Agriculture

FUND(S) IMPACTED:  GENERAL  ROAD  FEDERAL  RESTRICTED Broadband  
Deployment Fund

FISCAL ESTIMATES	2020-2021	2021-2022	ANNUAL IMPACT AT FULL IMPLEMENTATION
REVENUES		FF: Indeterminable	FF: Indeterminable
EXPENDITURES		GF: \$1,000,000 FF: Indeterminable	GF: \$500,000 FF: Indeterminable
NET EFFECT		GF: (\$1,000,000) FF: Indeterminable	GF: (\$500,000) FF: Indeterminable

( ) indicates a decrease/negative

**PURPOSE OF MEASURE:** This bill would establish an Office of Broadband Innovation at the Department of Agriculture to plan and coordinate broadband deployment to unserved and underserved parts of the state. The bill would remove the Broadband Deployment Fund from the Kentucky Infrastructure Authority (KIA) and place it in the newly created Office of Broadband Innovation at the Department of Agriculture.

**FISCAL EXPLANATION:** The bill would likely result in additional revenue from Federal Funds and additional expenditures from the General Fund, but the full fiscal impact of the bill is indeterminable. HB 348 PHS1 does not appropriate any funds, General Fund or otherwise, to the Broadband Deployment Fund or the Department of Agriculture, so funds to administer and implement the program would have to be appropriated in the budget bill or a separate appropriations bill.

The Broadband Deployment Fund was initially established at the Kentucky Infrastructure Authority in the 2020 Regular Session. Since there have been no funds appropriated to it, nor has KIA assigned any staff to administer the fund, the bill would have no fiscal impact on KIA.

The Department of Agriculture estimates that the bill would have an initial cost of \$1,000,000 from the General Fund in FY22. These costs include approximately \$500,000 to contract with an external consultant to study and develop the statewide broadband plan outlined in Section 3 of the bill and another \$500,000 for personnel for three to five new positions to administer the program. HB 348 PHS1 would limit the number of non-merit personnel in the Office to no more than 50% of all positions. The Department states that while \$500,000 would be required for personnel costs at full implementation, there is potential for Federal Funds to eventually supplement General Fund, as some federal grant awards include certain amounts to support administrative costs.

Once the Department staffs the new Office of Broadband Innovation and completes the statewide broadband deployment plan, the Department claims that the state would become eligible to receive federal grant awards from various federal programs. The award amounts the state could receive and the timetable for when the state could receive them are both indeterminable.

**DATA SOURCE(S): Department of Agriculture**

**PREPARER: Nick Peak NOTE NUMBER: 54 REVIEW: JAB DATE: 2/23/2021**