Local Government Mandate Statement Kentucky Legislative Research Commission 2021 Regular Session

Part I: Measure Information

Bill Request #: 1299
Bill #: HB 348
Document ID #: 3689
Bill Subject/Title: AN ACT relating to broadband and making an appropriation therefor.
Sponsor: Representative Phillip Pratt
Unit of Government: x City x County y Urban-County Unified Local
<u>x</u> Charter County <u>x</u> Consolidated Local <u>x</u> Government
Office(s) Impacted: City and county municipal utilities and telecoms
Requirement: <u>x</u> Mandatory Optional
Effect on Powers & Duties: x Modifies Existing x Adds New Eliminates Existing

Part II: Bill Provisions and the Estimated Fiscal Impact Relating to Local Government

The fiscal impact of HB 348 is presently unknowable and indeterminate and will range from nil to moderate, depending on the current and unique status of local/area broadband services; state funding, and the administrative regulations promulgated.

The Kentucky League of Cities notes that the bill allows the imposition of fees related to administering a broadband expansion program, although it does not set fee amounts. Thus, some fees may be associated with the program, but they should be small and incorporated as part of grant awards. The few cities currently providing telecommunications services would be required to submit availability data, which could add some additional time and effort and administrative costs.

The **Kentucky Municipal Utilities Association** is concerned that provisions of the bill provide federal and state grant money to private entities like Open Fiber.

According to the U.S. Census Bureau, approximately **80.6% of households in Kentucky cities had some form of broadband access (cellular, landline, or satellite)** in 2019. When looking specifically at landline services (**cable, fiber optic, DSL**), **66.9% of households in Kentucky cities have broadband access**.

HB 348 repeals and reenacts KRS 246.010 alphabetizing definitions and adding definitions for "broadband" or "broadband service," "broadband deployment fund," "broadband deployment project area," "census block," "shapefile," "underserved area," and "unserved area".

It amends KRS 246.030 to add an Office of Innovation to the Department of Agriculture; creates a new section of KRS Chapter 246 establishing an Office of Innovation and provides for the duties and responsibilities of the office; and creates a new section of KRS Chapter 246 establishing a broadband deployment fund in the Office of Innovation:

The bill repeals KRS 224A.1121 and reenacted as a new section KRS Chapter 246, amending all references of the Kentucky Infrastructure Authority to the Office of Innovation, and authorizing the Department of Agriculture to promulgate administrative regulations for a broadband deployment fund program.

HB 348 amends KRS 154.15-020 to require that the Kentucky Communications Network Authority obtain written permission from the Office of Innovation before applying for federal funds. The bill amends KRS 18A.115 to exempt Office of Innovation employees from classified service under KRS 18A.005 to 18A.200.

Below is a list of municipal broadband providers:

- 1. Frankfort Electric Plant Board
- 2. Owensboro Municipal Utilities
- 3. Barbourville Utility Commission
- 4. Bardstown Municipal Utilities
- 5. Bowling Green Municipal Utilities
- 6. Franklin Electric Plant Board
- 7. Glasgow Electric Plant Board
- 8. Henderson Municipal Power & Light
- 9. Hopkinsville Electric System
- 10. Mayfield Electric & Water System
- 11. Murray Electric System
- 12. Paducah Power System
- 13. Princeton Electric Plant Board
- 14. Russellville Electric Plant Board
- 15. Williamstown Utility Commission

The following telephone cooperatives provide high-speed Internet service to rural Kentucky:

Ballard Rural Telephone Cooperative; Duo County Telephone Cooperative; Foothills Rural Telephone Cooperatives; Highland Telephone Cooperative; Logan Telephone Cooperative; Mountain Rural Telephone Cooperative; North Central Telephone Cooperative; Peoples Rural Telephone Cooperative; South Central Telephone Cooperative; and West Kentucky Rural Telephone Cooperative.

Part III: Differences to Local Government Mandate Statement from Prior Versions

The Part II section above pertains to the bill as introduced.

Data Source(s): Kentucky Telecom Association; Kentucky Municipal Utilities Association;

Kentucky League of Cities; LRC staff.

Preparer: H. Marks **Reviewer:** KHC **Date:** 2/9/21