Local Government Mandate Statement Kentucky Legislative Research Commission 2022 Regular Session

Part I: Measure Information

Bill Request #: 1493						
Bill #: HB 422						
Document ID #: <u>3125</u>						
Bill Subject/Title: AN ACT relating to information technology.						
Sponsor: Representative Angie Hatton						
Unit of Government: X City X County X Urban-County Unified Local						
X Charter County X Consolidated Local X Government						
Office(s) Impacted: Local Government Owned Internet Service Providers						
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 bill amends KRS 154.15-010 to create and define "paid prioritization" to mean an Internet service provider that directly or indirectly favors some traffic over other traffic, in exchange for consideration, monetary or otherwise, from a third party; or to benefit an affiliated entity.

HB 422 creates a new section of Subchapter 15 of KRS Chapter 154 to require that any contract between the Kentucky Communications Network Authority (KCNA) and public or private internet service providers (ISPs) contain certain prohibition provisions to ensure open and fair access to the network by customers. These prohibitions are:

- Blocking lawful content, applications, services, or non-harmful devices;
- Impairing or degrading lawful internet traffic on the basis of internet content, application, service or the uses of non-harmful devices;
- Engaging in paid prioritization; and
- Assigning data caps to broadband services provided through KentuckyWired.

Kentucky Communications Network Authority oversees all aspects of KentuckyWired, the Commonwealth's open-access, broadband network. KentuckyWired is a physical system of high-capacity fiber optic cable, also referred to as the middle mile or backbone, infrastructure that delivers broadband service to every county in Kentucky. Anywhere along its path, local public or private ISPs are able to connect to the network.

The Kentucky League of Cities reports that 13 cities operate a telecommunication system that provides internet service. They are not aware of any providers that have paid prioritization agreements and believe that it is unlikely that any of the 13 do.

The fiscal impact of HB 422 on local governments is expected to be zero to minimal. Local government controlled or owned ISPs may have to modify existing contracts to incorporate the required provisions outlined above. This work should be mostly administrative.

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

Part II, above, pertains to the bill as introduced.

Data Sourc	$e(s): \underline{K}$	Centucky League of Cities, LR	<u>C Staff</u>		
Preparer:	MJO/kls	Reviewer:	CHM	Date:	2/14/22