

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4679S.01I
Bill No.: SB 981
Subject: Internet and E-Mail; Telecommunications
Type: Original
Date: March 23, 2022

Bill Summary: This proposal modifies provisions relating to grants to expand broadband internet access in unserved and underserved areas.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on FTE	0	0	0

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Economic Development, Office of Administration – Budget & Planning, Department of Revenue, University of Missouri System, City of Kansas City**, and the **City of Springfield** each assume the proposal will have no fiscal impact on their organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

Oversight notes that this proposal allows companies to initiate a project of acquisition and installation of retail broadband internet service in unserved and underserved areas of state.

Oversight also notes the proposal specifies that applicants, who are seeking grants to expand access to broadband internet service in underserved areas of the state, must submit an application for such a grant to the Department of Economic Development for approval.

The proposal adds a definition for "project" and modifies the definition of "underserved area", which is now defined as a project area without access to wireline or fixed wireless broadband internet service of speeds of the higher of 100 Mbps download and 20 Mbps upload or the minimum speed established by the Federal Communications Commission. The definition of "unserved area" is also modified to mean a project area without access to wireline or fixed wireless broadband internet services of speeds of at least 25 Mbps download and 3 Mbps upload.

Grants awarded under the program shall prioritize projects providing speeds of the higher of 100 Mbps download and 20 Mbps upload that is scalable to higher speeds or the minimum acceptable speed established by the Federal Communications Commission.

Oversight, for informational purposes, provides snapshot of certain federal programs that allows states to further the Broadband Development goals specified below:

H.R. 133, the "Consolidated Appropriations Act, 2021," which was signed into law on December 27, 2020. United States Congress Consolidated Appropriations Act, 2020 Broadband Provisions

FCC:

- \$3.2B (FCC) \$50/mo household subsidy for broadband service for low to moderate income families
- \$250M (FCC) COVID-19 Telehealth Grant Program for clinics and health care providers
- \$65M + \$33M (FCC) for broadband mapping to provide a more accurate representation of broadband coverage in America

USDA:

- \$635M (USDA) Re-Connect broadband infrastructure deployment program
- \$60M (USDA) Distance Learning and Telemedicine grants

- \$35M (USDA) Community Connect grants

NTIA, US Dept. of Commerce:

- \$300M (NTIA) Rural infrastructure projects not covered by other federal programs
- \$285M (NTIA) For digital inclusion efforts in minority communities for devices, service, adoption/digital literacy

Oversight notes that a recent article, published by the [Missouri University](#) on this subject, suggests Missouri ranks no. 32 in the U.S. in the broadband access for its citizens. It shows that one in three Missouri households is currently without high-speed internet service. [Additional research on subject](#) shows that “at this time, 85.6% of Missourians have access to a wired broadband connection with speeds of 25 Mbps or faster; however, there are still 780,000 people who do not have a wired connection capable of such speeds. [HYPERLINK "https://broadbandnow.com/"](#) internet providers

Oversight, for informational purposes, provides last three years of Broadband Development Spending in Missouri below:

FY 2020

Applicant	Awarded Y/N	Total Score (Out of 130)	Amount Requested	Amount Awarded	Household Unit Served	Farms Served	Business	Community Institutions
Boycorn Cablevision Inc. - Doniphan/Ripley Co.	Y	70.75	\$167,402.50	\$164,958.00	1500	50	65	20
Callabyte Technology LLC (CNV) - Holts Summit*	Y	88.5	\$386,250.00	\$335,806.00	189	21	31	0
CenturyLink - Wentzville	Y	90.88	\$32,400.00	\$29,160.00	59	0	0	0
Chariton Valley Communications Corp. - Renick	Y	86.75	\$206,400.00	\$206,400.00	98	6	8	4
Chariton Valley Communications Corp. - Rockford	Y	84.75	\$56,250.00	\$50,625.00	15	3	0	1
Gasosage Electric Cooperative - Tick Creek Exten	Y	83.75	\$547,746.00	\$402,332.00	85	0	0	0
Mid-America Spectrum LLC - Barnhart	Y	81.57	\$46,432.00	\$46,432.00	34	0	0	0
Mid-America Spectrum LLC (CNV) - Smithville*	Y	86.71	\$29,553.90	\$33,153.00	50	0	0	0
9 New Florence Telephone Company (CNV) - Hig	Y	102.86	\$127,126.40	\$113,397.00	145	0	12	6
Socket Telecom LLC (CNV) - New Franklin*	Y	91.88	\$129,860.00	\$129,860.00	397	0	26	16
Steelville Telephone Exchange - Bixby	Y	100.43	\$500,000.00	\$445,917.00	108	3	9	2
Steelville Telephone Exchange - East End	Y	86.43	\$132,158.00	\$114,538.00	19	3	4	1
Worldwide Technologies Inc. - Lexington	Y	79.84	\$500,000.00	\$370,990.00	466	0	0	2
Alma Communications Company (CV) - Lafayette, Saline, Johnson Counties*	Y	90	\$132,400.00	\$127,913.00	644	0	67	0
Northeast Missouri Rural Telephone Company - S	Y	98.57	\$354,921.00	\$354,921.00	117	19	5	0
United Services Inc. - Bolckow	Y	95.43	\$139,034.00	\$125,131.00	78	19	2	7
Total Amt. Requested/Awarded			\$3,487,933.80	\$3,051,533.00	4004	124	229	59
*Challenged Application								

Source: <https://ded.mo.gov/sites/default/files/Broadband%20Documents.pdf>

Oversight notes that in FY 2020 there were 40 applicants requesting money. The DED further explained that applicants denoted as not receiving funding either were ineligible because the

proposed project area was 'served' as listed by the Federal Communications Commission or the applicant did not submit or provided incomplete information to fully evaluate the application.

Oversight notes that the two tables bellow with the funding for FY 2021 and FY 2022 are still being finalized; therefore, the tables do not include all information as the FY 2020 table. Some contractors are still working on the projects and DED is working in tandem with the providers to assure appropriate compliance. The DED additionally adds that there are differences between initial application process and the final project based of challenges and other funding source becoming available throughout the project.

FY 2021

Recipient	Project Location	Grant Amount	Amount Awarded	Total Connections Made
Round 1				
AirLink	Glasgow, Howard County	\$ 578,783.32	\$ 245,990.00	400
Barry Technology Services	Barry & McDonald Counties	\$ 82,800.00	\$ 43,631.63	23
Callabyte	Warren County - Red School House, Bueltmann, Wright, Strawberry Hill Roads, Unincorporated South of Jonesburg	\$ 138,000.00	\$ 100,050.00	40
Chariton Valley Communications (Keyetesville)	Keyetesville, Chariton County	\$ 219,671.00	\$ 146,908.58	87
Chariton Valley Communications (Brookfield East)	Brookfield East, Linn County	\$ 71,902.00	\$ 24,753.12	42
Chariton Valley Communications (Brookfield West)	Brookfield West, Linn County	\$ 226,118.44	\$ 95,515.70	76
Chariton Valley Communications (Long Branch Lake)	Long Branch Lake, Macon County	\$ 82,800.00	\$ 48,300.00	24
Chariton Valley Communications (Northwest Hannibal)	Hannibal Northwest, Marion County	\$ 175,950.00	\$ 89,700.00	45
Higher Vision Works LLC	Ozark, Taney County	\$ 94,500.00	\$ 43,650.00	180
Midwest Data	Lake Community, Big Lake, Holt County	\$ 483,000.00	\$ 483,000.00	140
SEMO Electric Cooperative	Cape Girardeau, Scott, Stoddard Counties	\$ 142,200.00	\$ 142,200.00	60
Socket (SW Ashland)	Ashland, Boone County	\$ 442,395.00	\$ 224,991.51	176
Socket (Fayette)	Fayette, Howard County	\$ 129,086.21	\$ 20,816.34	224
Socket (St. Martin Meadowbrook)	Jefferson City/St. Martin, Meadowbrook, Cole County	\$ 15,840.25	\$ 10,350.00	12
Socket (St. Martin Verdant Lane)	Jefferson City/St. Martin, Verdant Lane, Cole County	\$ 31,828.00	\$ 10,350.00	19
Round 2				
Boycom Cablevision	Foxwood Pointe, Poplar Bluff (Butler)	\$ 96,600.00	\$ 96,600.00	28
Boycom Cablevision	Remington Oaks, Poplar Bluff (Butler)	\$ 91,699.00	\$ 91,699.00	27
Green Hills Communications	State Highway V, Gallatin, Daviess County	\$ 6,900.00	\$ 4,167.00	5
Liberty Link LLC (Nov 30)	Holden (Johnson County)	\$ 152,922.00	\$ 152,761.00	97
Mark Twain Commuications	Gorin, South Scotland County	\$ 131,100.00	\$ 131,000.00	178
Socket (1 of 7 apps)	East Ahsland (Boone County)	\$ 81,063.00	\$ 41,469.92	35
Socket (3 of 7 apps)	Log Providence Road (Boone County)	\$ 12,889.00	\$ 12,889.00	9
Socket (4 of 7 apps)	N. New Franklin (Howard County)	\$ 95,324.00	\$ 32,183.44	34
Socket (5 of 7 apps)	S. Moberly (Randolph County)	\$ 56,921.00	\$ 38,446.37	24
Socket (6 of 7)	St. Martin Project Area 2 (Cole)	\$ 12,672.00	\$ 6,900.00	5
Socket (7 of 7 apps)	St. Martin Project Extension (Cole) - MODIFIED/CHALLENGED	\$ 106,866.00	\$ 44,850.00	40
Total Awards		\$ 3,759,830.22	\$ 2,383,172.61	2030

Source: obtained via e-mail, form DED, and attached in MOLIS cache

FY 2022

Recipient	Project Location	Grant Amount	Household Unit Served	Business	Community Institutions
Gascosage Electric Cooperative	South Dixon	\$ 2,842,768.51	719	35	0
Socket Telecom	Northern Boone County	\$ 5,005,418.03	2941	6	10
Chariton Valley Communications	Hannibal	\$ 1,113,062.13	518	12	2
Chariton Valley Communications	Palmyra	\$ 1,825,872.77	176	10	2
Chariton Valley Communications	Clarence	\$ 1,002,456.37	73	2	0
Chariton Valley Communications	Monroe City	\$ 592,115.27	45	5	0
Gateway Infrastructure, LLC	five communities in Lincoln and St. Charles	\$ 10,000,000.00	4731	121	0
Green Hills Communications	Rural are east of Chillicothe	\$ 4,656,599.33	295	6	1
Boyccon Ccablevision	Stringtown	\$ 1,097,190.00	230	18	2
Spectrum	Portgage Des Sioux, St. Louis & St. Charles Co	\$ 1,899,936.68	496	0	0
Columbus Telephone Company	Carl Junction	\$ 8,411,191.57	3105	99	16
Le-Ru Telephone Coompany	Powell and Pineville, McDonald County	\$ 3,610,846.46	215	6	0
Total Awards		\$ 42,057,457.12	13544	320	33

Source: obtained via e-mail and attached in MOLIS cache

<u>FISCAL IMPACT – State Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

Some small businesses would be able to apply and receive grants, for purpose of the broadband development, as a result of this proposal.

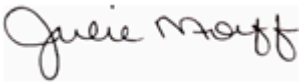
FISCAL DESCRIPTION

The proposed legislation appears to have no direct fiscal impact.

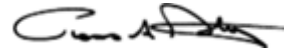
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Economic Development
Office of Administration – Budget & Planning
Department of Revenue
University of Missouri System
City of Kansas City
City of Springfield



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March 23, 2022



Ross Strobe
Assistant Director
March 23, 2022