

February 6, 2018

The Honorable Joe Seiwert, Chairperson
House Committee on Energy, Utilities and Telecommunications
Statehouse, Room 481-W
Topeka, Kansas 66612

Dear Representative Seiwert:

SUBJECT: Fiscal Note for HB 2451 by Representative Sloan

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2451 is respectfully submitted to your committee.

HB 2451 would create the Statewide Broadband Deployment Authorization Act which is intended to encourage deployment of advanced telecommunications capability throughout rural Kansas by promoting competition in the local telecommunications market and removing barriers to infrastructure investment. The bill defines the terms associated with rural broadband service and the process to be followed by an entity or person who seeks authorization to provide the service. This authorization would be provided by the Kansas Corporation Commission (KCC), which would also be responsible for developing regulations to govern the authorization process. Such an authorization would be construed to allow construction of a broadband system over public rights-of-way and through easements that are within the service area of a broadband service provider with a state-issued broadband service authorization. The KCC would be required to assess the costs of any proceeding before the Commission that is connected to the Rural Broadband Franchise Act and establish and collect fees for applications filed with the Commission for state-issued rural broadband service authorizations. All fees collected would be credited to the Public Service Regulation Fund.

The bill requires a rural broadband service provider to provide notice to a local government at least 30 calendar days before providing broadband service in the local government's jurisdiction and provides a sample of the agreement that must be entered into between the two entities. A rural broadband service provider entering into such an agreement would be required to calculate and pay the broadband service provider fee to a local government upon that government's request. This fee would be due on a quarterly basis and calculated as a percentage of gross revenue, but could not exceed 5.0 percent of gross revenue. The bill defines how gross revenue would be determined and what fees and charges would be excluded from that determination.

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According to the Kansas Corporation Commission, any requirements contained in the bill could be accomplished from within existing resources. The Kansas Association of Counties indicates that while the broadband service provider fee established by the bill would increase revenues to local governments, the use of public rights-of-way allowed by the bill could cause additional expense for those entities, as local governments are tasked with maintaining the right-of-way. The Association is unable to determine whether enactment of the bill would leave the local government with any regulatory authority over rights-of-way.

Sincerely,

A handwritten signature in black ink, appearing to read "Shawn Sullivan", with a horizontal line extending to the right.

Shawn Sullivan,
Director of the Budget

cc: Jake Fisher, KCC