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**FISCAL IMPACT STATEMENT**

**LS 7765**

**BILL NUMBER: SB 381**

**NOTE PREPARED: Feb 3, 2005**

**BILL AMENDED: Feb 3, 2005**

**SUBJECT:** Statewide Broadband System.

**FIRST AUTHOR:** Sen. Ford

**FIRST SPONSOR:**

**BILL STATUS:** 2<sup>nd</sup> Reading - 1<sup>st</sup> House

**FUNDS AFFECTED:**    **GENERAL**  
                          **X DEDICATED**  
                          **FEDERAL**

**IMPACT:** State

**Summary of Legislation:** (Amended) This bill requires the following to form a coordinating body of designated representatives to establish a statewide broadband system: (1) The governor (whose designee represents the telecommunications industry). (2) The Intelenet Commission. (3) The coordinating unit of the Higher Education Telecommunications System. (4) The holder of the state's right of use to the I-Light high speed network. It requires the coordinating body to establish: (1) wireless broadband access points statewide; and (2) Ethernet ports at each I-Light node for access to the system by authorized users and other persons.

The bill requires that the system be made available first to authorized users of the Intelenet system. It requires the coordinating body to: (1) permit other persons to access the system if sufficient capacity exists; (2) consider certain factors if it becomes necessary to allocate capacity among persons seeking access; and (3) provide access to the system at a cost that does not exceed the coordinating body's costs to establish, operate, maintain, administer, and upgrade the system.

The bill allows costs of the system to be paid from an account within the Higher Education Statewide Telecommunications Fund. It provides that the account consists of fees or charges collected by the coordinating body for providing access to the system. It also requires the coordinating body to report to the General Assembly not later than October 1, 2005, on its progress in establishing and implementing the system.

**Effective Date:** Upon passage.

**Explanation of State Expenditures:** This bill requires a coordinating body to establish a system of wireless broadband access points across the state to be used at first by authorized users. An effort to accomplish the

establishment of such a system is currently being led by the Indiana Higher Education Telecommunications System (IHETS). Through the development of the I-Light 2 network and coordination with the Indiana Telecommunication Network (ITN), the agency currently has plans to expand wireless access throughout the state.

The fiscal impact of this bill is dependent on any costs incurred by the coordinating body that would be in addition to those included in IHETS' current plan. Expenses of the coordinating body are to be paid from the fees deposited in the dedicated account this bill establishes. Included are expenses associated with upgrading the broadband system.

*Background:* According to P.L. 224-2003 (the Budget Bill) section 33, IHETS currently receives funding from a \$5 M annual appropriation to the State Budget Agency for each of FY 2004 and FY 2005 from the General Fund for developing the I-Light network. According to IHETS, it intends to continue developing statewide access to the I-Light 2 network, including wireless coverage statewide. IHETS also plans to use the I-Light network appropriation to acquire additional funding through the federal Rural Development Loan Program which could provide up to \$25 M a year.

IHETS receives its operating money from this fund, which is administered by Indiana University. According to P.L. 224-2003 section 9, IHETS receives through Indiana University an annual appropriation of \$6.7 M from the General Fund for each of FY 2004 and FY 2005.

**Explanation of State Revenues:** Authorized users, as defined by this bill, are public entities and nonprofit organizations that are authorized users of the Indiana Telecommunication Network (ITN). The main focus of the ITN was to provide highspeed telecommunication access to K12 schools, libraries, state agencies, and the higher education system. The bill requires the coordinating body to allow access to other users if: there is sufficient capacity on the broadband network, the service can be offered at a competitive rate and within a reasonable period of time, the capacity is used for an under-served area, and the service will contribute to providing broadband choices available to residents and businesses. The coordinating body may charge other users for the service an amount that will cover the cost to establish, operate, maintain, administer, and update the system.

This bill establishes the Statewide Broadband Account within the Higher Education Statewide Telecommunication Fund to be used by the coordinating body to establish, operate, maintain, administer, and update the broadband system. The Account is to consist of the fees assessed to other users of the broadband system.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Indiana Higher Education Telecommunications System, Intelenet Commission, State Budget Agency.

**Local Agencies Affected:**

**Information Sources:** Dave King, Indiana Higher Education Telecommunications System, [www.ihets.org](http://www.ihets.org).

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