

Department of Legislative Services
Maryland General Assembly
2003 Session

FISCAL AND POLICY NOTE
Revised

House Bill 697

(Delegate Walkup, *et al.*)

Economic Matters

Finance

**Telecommunication and Computer Network Access - Task Force on Broadband
Communications Deployment in Underserved Rural Areas**

This bill creates a 20-member Task Force on Broadband Communications Deployment in Underserved Rural Areas.

The task force must submit four reports to the Governor and specified entities within the General Assembly, including a draft plan to provide public and private broadband access by December 1, 2003 and a progress report on the implementation of the plan by December 1, 2004. The final report is due June 30, 2005.

The bill is effective June 1, 2003 and terminates June 30, 2005.

Fiscal Summary

State Effect: The bill could be implemented with existing resources. Any expense reimbursements for task force members are assumed to be minimal and absorbable with existing resources. Staffing can also be provided with existing resources.

Local Effect: Minimal. The bill calls for six local and regional government representatives to serve on the task force.

Small Business Effect: None.

Analysis

Bill Summary: The task force is charged with: (1) considering developments in regions of the country where broadband communications is being deployed for rural communities; (2) evaluating the resources and infrastructure available in Maryland's rural areas; (3) encouraging the development of goals to deploy broadband communications in those areas; (4) developing proposals and recommendations for the establishment and enhancement of broadband communications in rural areas; and (5) overseeing the implementation of the recommendations made under item 4.

The Maryland Technology Development Corporation (TEDCO) must provide staff for the task force, with the assistance of the Forum for Rural Maryland, the Department of Budget and Management (DBM), the Department of Business and Economic Development (DBED), and other appropriate State, regional, and local agencies.

The bill also encourages DBED to identify existing and potential demand for access to high-speed telecommunication and data transmission services in underserved areas and to explore expanding the capacity of those services.

Current Law: Chapter 722 of 1997 established requirements and policy governing the State computer network and directed DBM to create a network that contained: (1) one or more specified connection facilities to connect each of the four Local Access and Transport Areas in the State; (2) a backbone or network comprised of and adhering to specified standards; and (3) facilities, equipment, and services required to support the network in a reliable and secure manner. The law requires that the network be accessible through direct connection and through local intra-LATA telecommunications to State and local governments, and public and private educational institutions in the State.

Chapter 722 also acknowledged, as part of the State's policy, the alignment of interagency and educational telecommunication and networking did not serve all areas of the State equally and created a disparity between rural and urban areas.

Background: The State originally proposed network.Maryland as a statewide, high-speed digital network built on 300 miles of fiber optic cables that would enhance security of State agency information, bring service to underserved areas, and stimulate economic development. As part of this system, the State's construction contractor and resource-sharing partner has completed the installation of the fiber-optic cable backbone. A statewide Intranet became operational in November 2002.

TEDCO has received federal, State, and nongovernmental grants for eReadiness, a project that assesses the State's computer network system, with a special focus on

distressed areas. TEDCO released its final eReadiness report in February 2003 that contained household and business survey results and an assessment of Internet access and usage in Maryland. TEDCO concluded that:

- there is an extremely high interest in high-speed bandwidth from all sectors of society and many rural areas do not have ready access to high-speed bandwidth;
- citizens and small businesses are often not aware of what bandwidth services are available due to lack of marketing;
- net.work.Maryland addresses the needs of public sector entities, rather than the private sector or economic development organizations; and
- local communities have taken the lead in developing solutions to improve accessibility.

The TEDCO report noted that commercial providers oppose net.work.Maryland providing service to private sector customers and that federal regulatory issues would constrain private sector use of the State's network. TEDCO recommended that the State create a high-level task force under the Governor's Office to develop a comprehensive strategy to facilitate broadband access and aggressively seek federal funds to support broadband deployment in underserved areas.

DBM reevaluated the cost effectiveness of net.work.Maryland and subsequently reduced its scope by lowering the amount of fiber optic cable to be installed. DBM has indicated that fiber optic cable would only be constructed in the Eastern Shore counties if it becomes available through an agreement with a contractor. The proposed fiscal 2004 capital budget contains \$5 million to complete the core network, which will cost \$27 million total, \$18 million less than the estimate for the original project. Of 56 State agencies, only 14 are actively using the network, while 8 agencies are moving to use or expand their use of net.work.Maryland.

The State is divided into four operational LATAs – Baltimore, eastern, Washington, and western – improvements to the eastern and western LATAs are underway. According to a telecommunications assessment report prepared by DBM, there is at least one point of presence in each LATA and all public sector entities can access these points at a uniform rate. The report concluded that the State should only consider adding a point of presence in an area when the amount of “traffic” justifies the expense.

Additional Information

Prior Introductions: A bill that required access to the State's telecommunication and computer network was introduced as HB 1111 in 2002 and as HB 1228 in 2001.

Cross File: SB 487 (Senator Pipkin) – Finance.

Information Source(s): Department of Business and Economic Development, *Fiber Optics Technician's Handbook*, Department of Budget and Management, whatis.com, Department of Legislative Services

Fiscal Note History: First Reader - March 11, 2003
ncs/jr Revised - House Third Reader - April 7, 2003

Analysis by: Ann Marie Maloney

Direct Inquiries to:
(410) 946-5510
(301) 970-5510