

Department of Legislative Services
 Maryland General Assembly
 2021 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 43 (Delegate Krimm)
 Economic Matters

**Department of Information Technology - Office of Broadband and Joint
 Committee on Broadband**

This bill establishes the Office of Broadband in the Department of Information Technology (DoIT) and requires the office to be funded using (1) the Rural Broadband Assistance Fund (RBAF) and (2) to the extent practicable and if authorized by the General Assembly, revenues collected from sports and event wagering in the State. The bill also establishes the Joint Committee on Broadband (JCB) that must be staffed by the Department of Legislative Services (DLS). **The bill takes effect June 1, 2021.**

Fiscal Summary

State Effect: No effect in FY 2021. Establishing a new office funded by RBAF requires that special fund to be capitalized with general funds. Thus, general fund expenditures and special fund revenues and expenditures increase by about \$1.7 million annually beginning in FY 2022, as discussed below. DLS can staff JCB with existing resources.

(\$ in millions)	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
SF Revenue	\$0	\$1.7	\$1.7	\$1.7	\$1.7
GF Expenditure	\$0	\$1.7	\$1.7	\$1.7	\$1.7
SF Expenditure	\$0	\$1.7	\$1.7	\$1.7	\$1.7
Net Effect	\$0.0	(\$1.7)	(\$1.7)	(\$1.7)	(\$1.7)

Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

Local Effect: Local governments can coordinate with the Office of Broadband using existing resources. Revenues are not affected.

Small Business Effect: None.

Analysis

Bill Summary:

Office of Broadband

The bill establishes the Office of Broadband within DoIT and enumerates its responsibilities. Among other things, the office must (1) assist and support local jurisdictions in their improvement of access to high-speed Internet; (2) identify and coordinate the delivery of resources to local jurisdictions to improve access to high-speed Internet, as specified; (3) investigate new technologies that would increase the availability of high-speed Internet; and (4) collect, analyze, and share relevant data, as specified.

In performing its duties, the office must coordinate with specified State government agencies, local government entities, and stakeholders. The office must be funded by money appropriated to RBAF and, to the extent practicable and if approved by the General Assembly, revenues collected from sports and event wagering in the State. RBAF may *only* be used to fund the operations of the Office of Broadband.

The office must cooperate fully with JCB, keep JCB fully informed as to its priorities and progress, and submit an annual report to the committee by October 1 of each year that includes specified information.

Joint Committee on Broadband

The bill establishes JCB and procedures for the selection and replacement of committee members. JCB must assist the Office of Broadband in conducting its duties, oversee the operations of the office, and consider recommendations provided by the office. JCB must submit a report to the General Assembly by December 1 of each year that includes a description of its work and any recommendations it has.

Current Law: Chapter 176 of 2018 made permanent Chapter 269 of 2006, which, among other things, established RBAF in the Department of Business and Economic Development (later renamed the Department of Commerce (Commerce)). The purpose of the fund is to assist in the establishment of broadband communication services in rural and underserved areas of the State. Commerce must administer the fund, and it may only be used only for planning, construction, and maintenance of broadband communication services and equipment in rural and underserved areas and related activities. RBAF has not received any State or federal funding since 2009.

In 2017, [Executive Order 01.01.2017.14](#) established the Office of Rural Broadband (ORB) within DoIT; however, in 2020, the office was moved to the Department of Housing and

Community Development (DHCD). The purpose of ORB is to support the State's efforts to provide affordable, high-speed Internet service to every Maryland home.

State Fiscal Effect: The bill's responsibilities for the Office of Broadband are similar to those established for ORB, but with a broader responsibility for the whole State instead of a focus on rural jurisdictions. Thus, using ORB as a guide, DLS assumes funding of approximately \$1.7 million annually is necessary to hire a director and carry out the office's statutory responsibilities.

Additionally, even though the bill requires the Office of Broadband to be funded through RBAF and, potentially, sports and event wagering, this analysis assumes that general funds must be used. RBAF has not received any funding since 2009 and is unlikely to receive funding in future years; sports and event wagering has yet to be implemented in the State, although it was approved by Maryland voters at referendum during the 2020 election. Thus, to meet the requirements of the bill, RBAF would have to first be capitalized with general funds, and special fund revenues and expenditures would increase commensurately.

Additional Comments: As previously discussed, ORB was established within DoIT in 2017 and moved to DHCD in 2020. DoIT advises, and DLS concurs, that the bill's provisions could likely be met if ORB were relocated from DHCD back to DoIT, as originally specified in the executive order. Otherwise, there would likely be duplicative efforts between the two offices. ORB is funded with general funds at \$1.7 million annually.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Department of Information Technology; Department of Housing and Community Development; Department of Commerce; Maryland Association of Counties; Maryland Municipal League; Comptroller's Office; Department of Budget and Management; Maryland Department of Planning; Maryland Department of Transportation; Maryland State Lottery and Gaming Control Agency; Department of Legislative Services

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Analysis by: Richard L. Duncan

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