



**State Representative Rick Carfagna
68th House District**

MEMORANDUM

To: Joe Savarise, Ohio Hotel & Lodging Association

From: State Representative Rick Carfagna

Date: November 30, 2017

Re: House Bill 281- Residential Broadband Expansion Legislation Request for Consideration

As we all know, internet access has become vital to our communities and allows our constituents to experience a wide array of economic, educational, and social advantages. Not only are there large areas throughout Ohio that remain unserved by broadband service, there is also a significant “marbling” of unserved household clusters throughout many communities already served. I will soon introduce legislation targeting the problem of last mile connectivity to residences where it remains cost-prohibitive for private providers to otherwise extend their plant. The bill incentivizes cooperative efforts across local, county, and state levels to pool resources and chip away at the problem by offsetting last mile construction costs.

Communities that are served by a terrestrial video service provider (i.e. cable operators and telecommunication companies providing video service) have the ability to collect a video service provider fee (VSP fee) of up to 5% of video revenues collected from customers within that jurisdiction. In most communities, these fees are placed into GRFs and used for a variety of operations.

My legislative approach is to create a permissive funding mechanism that incentivizes communities to utilize their VSP fees to help offset construction overage costs (i.e. the amount that a proposed broadband construction project fails the provider’s buildout formula). Under this proposal,

- **The private provider** - fully funds the scope of the project that is within its construction buildout model, leaving the overage amount to be offset by this new mechanism.

- **The community** (township, village or city) – funds 33% of the construction overage amount from its VSP fees if it so chooses.
- **The county** – funds a 33% match of the overage amount. The county may approve or decline the match.
- **The state** – funds a 33% match of the overage amount through the Ohio Development Services Agency. Provided the community and the county both agree to fully fund their respective thirds, the state must then dedicate a 33% match. This bill charges DSA with making available a total amount of \$2 million towards these matches per biennium from one or more of the 72 programs it administers.

The goal here is simple: broadband connectivity to unserved households is a matter that should be addressed by both private enterprise and cooperative efforts across the three layers of government. By pooling resources and having all parties place some skin in the game, the existing financial hurdles become far less intimidating. Deploying broadband to any of the numerous scattered pockets of unserved households throughout Ohio would be deeply meaningful and enhance quality of life.