

Tax & Budget

Testimony on SB 225 before the Senate Finance Committee

Rob Moore

Chairman Oelslager, Vice Chair Manning, Ranking Member Skindell, and members of the Senate Finance Committee: My name is Rob Moore and I am a researcher at Policy Matters Ohio, a nonprofit, nonpartisan policy research institute with the mission of creating a more vibrant, equitable, sustainable and inclusive Ohio. Thank you for the opportunity to testify in support of SB 225.

According to the Ohio Legislative Service Commission fiscal note, SB 225 will appropriate \$50 million per year from the Third Frontier Research and Development Fund toward a broadband development grant fund. One million of this will be allocated to broadband research, testing, analysis, and community engagement and planning and the remaining \$49 million will fund direct grants to cities, counties, and firms for construction of broadband infrastructure. Such research and analysis is valuable and this infrastructure subsidy program is a good investment.

The \$1 million SB 225 allocates to broadband research and analysis would help Ohio maintain its broadband research capacity. According to a report from Ohio State University's Swank Program in Rural-Urban Policy, Connect Ohio was funded to provide research and analytic capability with federal stimulus dollars until 2014. While the state stepped up to provide stopgap funding in 2015 and 2016, there has been no steady financial commitment to research and analysis of the state broadband system. A strong state research and analysis program can stimulate state broadband efforts by identifying gaps and federal funding available to fill them. It can also facilitate access by identifying areas with gaps in broadband coverage and by coordinating efforts to install broadband in places that do not have it yet.

The \$49 million allocated to broadband infrastructure grants will effectively increase access to broadband in the state. The triple problem of density, terrain, and income have held back many poor and rural areas from the access and adoption in wealthier and denser areas of the state. A February report by the Federal Communications Commission says that almost 900,000 Ohioans still lack access to broadband. Using census bureau data for size of household, broadband installation per location data from a study in Broadband Properties Magazine, and Bureau of Labor Statistics data for inflation, the total cost of broadband installation for those 900,000 Ohioans can be estimated at over \$3.7 billion. Targeted grants can help make up some of that cost by making projects economically feasible in places that they currently aren't.

Grants can also grow regional economies. Installing broadband infrastructure creates jobs and much more directly stimulates the economy than alternate uses of Third Frontier funds.

Broadband connectivity is also valuable for rural consumers and firms. By helping consumers research products and prices and allowing firms to understand and reach markets, broadband infrastructure can be a valuable tool for stimulating rural regional economies.

In addition to the provisions already included in SB 225, the state legislature can use other strategies to facilitate broadband access. First, the state can adopt a “dig once policy.” “Dig once policies” help providers overcome the cost of roadway excavation by requiring notification to broadband providers when public right-of-ways are excavated. Requiring ODOT to notify broadband providers when they undertake projects and encouraging local “dig once” notification could help expand access by reducing the cost of broadband installation.

In addition to subsidies, the state of Ohio should consider examining regulatory options for expanding broadband access. Currently, the state of Ohio expressly exempts broadband service from its definition of a “public utility.” Regulating broadband as a utility could be a strategy for expanding access.

Thank you for this opportunity to testify, I would be happy to answer any questions you may have.