



**SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE**  
**STATEMENT OF ESTIMATED FISCAL IMPACT**  
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<b>Bill Number:</b>	H. 3780	Amended by the House of Representatives on April 3, 2019
<b>Author:</b>	White	
<b>Subject:</b>	Growing Rural Economies with Access to Technology (GREAT) Program	
<b>Requestor:</b>	Senate Judiciary	
<b>RFA Analyst(s):</b>	Gallagher and Gardner	
<b>Impact Date:</b>	June 28, 2019	

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### **Fiscal Impact Summary**

This bill will increase the Rural Infrastructure Authority's (Authority) recurring General Fund expenses by \$220,000 in FY 2020-21 to hire 2.0 FTEs and associated operating costs for an auditor and broadband expert. Further, the bill will increase non-recurring General Fund expenses by \$25,000 in FY 2020-21 for costs associated with outfitting new staff with necessary supplies, training, and initial education sessions for eligible communities.

This bill will increase recurring Other Funds expenses for the Office of Regulatory Staff (ORS) by \$252,200 to hire of 2.0 FTEs and associated operating expenses in FY 2020-21. These new employees will conduct audits of the projects and provide an annual report to the General Assembly.

This bill will not have an expenditure impact on the Administrative Law Courts, as the potential increase in court cases arising from this bill can be absorbed within existing appropriations.

### **Explanation of Fiscal Impact**

#### **Amended by House of Representatives on April 3, 2019**

#### **State Expenditure**

This bill establishes the Growing Rural Economies with Access to Technology (GREAT) Program, which seeks to facilitate the deployment of broadband at the highest possible speed to unserved areas by 2030. This bill establishes the GREAT fund within the Authority from amounts appropriated by the General Assembly. The Authority's executive director is permitted to award grants from the fund for eligible projects as enumerated in this bill.

This bill enumerates scoring criteria the Authority must follow when reviewing grant applications. Applications receiving the highest score will receive priority for grant awards. A single grant award cannot exceed \$2,000,000 and no more than one grant can be awarded in a fiscal year for a project in any one eligible economically-distressed county. Grant recipients are required to provide matching funds based on the application scoring pursuant to this bill as follows:

Score Matching	Requirement
7.0 points or less	55%
Greater than 7.0, but less than 14.0 points	50%
Greater than 14.0, but less than 21.0 points	45%
21.0 points or greater	30%

Federal or state grants or program funds may not be used to pay for any portion of the required matching funds by the grant recipient. Further, a grant recipient will forfeit the amount of the grant it receives, plus interest as computed from the date of disbursement, if it fails to perform the obligations established in its agreement with the Authority.

**The Rural Infrastructure Authority.** The Authority is tasked with scoring applications and awarding grants pursuant to this bill. In order to fulfill these duties, the Authority indicates that their recurring General Fund expenses will increase by \$220,000 in FY 2020-21. Of this amount, \$180,000 will be used to hire two Grants Administrator II FTEs, while the additional \$40,000 will be used for associated operating costs of travel, and contractual services for any technical assistance needed for the program. Additionally, non-recurring General Fund expenditures of \$25,000 in FY 2020-21 will be used to equip new staff with necessary supplies, training, and initial education sessions for eligible communities.

**The Office of Regulatory Staff.** This bill tasks ORS with conducting inspections, audits, or examinations on projects receiving these grants to ensure consumers are receiving the intended service and that the network is properly maintained. Further, grant recipients must submit an annual report for each funded project to ORS for the duration of their agreement with the State. ORS is further tasked with submitting an annual report to the General Assembly before September first of each year that includes:

- the number of grant projects applied for and the number of grant agreements entered into;
- a timeline for each grant agreement and the number of households, businesses, agricultural operations, and community anchor points expected to benefit from each agreement;
- the amount of matching funds required for each agreement and the total amount of investment;
- a summary of areas receiving grants that are now being provided broadband service and their advertised broadband speeds;
- any breaches of agreements, grant fund forfeitures, or subsequent reductions or refunds of matching funds; and
- any recommendations for the grant program moving forward.

In order to fulfill the tasks enumerated in this bill, ORS indicates that their recurring Other Funds expenses will increase by \$252,200. Of these funds, \$245,700 will be used to hire one full time auditor and one full time broadband expert, and \$6,500 will be used for associated operating costs for computers, supplies, and office space.

**Administrative Law Courts.** Applications received by the Authority pursuant to this bill must be made publicly available on the Authority’s website for at least 30 days before award. During

this 30-day period, a broadband provider may submit a protest to any application on the grounds that the proposed project covers an area that is not eligible pursuant to this bill. For applications with filed protests, the director will issue a written decision to the protesting party at least 15 days before the approval of that application. Appeals to the director's decision may be made to the Administrative Law Courts pursuant to the Administrative Procedures Act.

This bill will require the Administrative Law Court to preside over certain cases from the Authority, which currently the court does not hear. As this bill creates new cases for the court to hear, there is no data available upon which to estimate the number of hearings or trials that may be initiated as a result of this legislation. The court anticipates that any impact from the increased caseload will be absorbed by the Administrative Law Court. However, if the number of cases filed is significant, the agency anticipates an undetermined expenditure impact.

**State Revenue**

N/A

**Local Expenditure**

N/A

**Local Revenue**

N/A



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Frank A. Rainwater, Executive Director