

MINUTES
HOUSE COMMERCE & HUMAN RESOURCES COMMITTEE

DATE: Wednesday, January 27, 2021
TIME: 1:30 P.M.
PLACE: Room EW05
MEMBERS: Chairman Holtzclaw, Vice Chairman Syme, Representatives Harris, Kingsley, Christensen, Giddings, Wisniewski, Horman, Hanks, von Ehlinger, Weber, Chew (Hoy), Necochea, Toone (Metzler-Fitzgerald)
**ABSENT/
EXCUSED:** Representative(s) Christensen
GUESTS: Tom Kealy, Idaho Department of Commerce; Eric Forsch, Idaho Department of Commerce; Jake Cluff, BB&A

Vice Chairman Syme called the meeting to order at 1:30 PM.

Tom Kealy, Director, Department of Commerce presented on the building Idaho's future supplemental appropriation for broadband. He opened by stating how serious of an issue broadband connectivity is for large numbers of Idahoans and how deeply **Governor Little** feels this needs to change. To that end \$37 million was allocated for this purpose the recommendation for this amount came as result of surveys done by the Connectivity Task Force which was created in 2018. He stated the main recommendations of this task force were to update the state broadband plan, establish a broadband office, and consider state funding options among others. He noted this existing plan did help the state efficiently deal with challenges posed due to Covid-19 and noted that Idaho is among the top of the list of states who most effectively used CARES Act funds. He gave more details about how the CARES Act money was disbursed as background for the supplemental appropriation. He explained that the money in this appropriation would largely be used to expand broadband infrastructure in areas that would serve rural and under served households. He also explained the benefit of appropriating this money as a supplemental, giving the department more flexibility. He noted that three percent of the money would be used for a mapping project to determine the areas with the most need, and another three percent will be used to help fund telehealth services.

In response to Committee questions **Director Kealy** reassured the Committee that the Department of Commerce is tracking whether applications for aid are granted or not as well as addressing service concerns in areas where they have successfully installed broadband using CARES Act money. He also assured the Committee that the Department is looking into cases where fiber optic cables have been hung but are not in use. He further explained that the public/private relationship for this project is one in which the private sector is paid to provide the infrastructure but the Department is determining where infrastructure is most needed.

Vice Chairman Syme turned the gavel over to **Chairman Holtzclaw** at 1:49 PM.

In response to further Committee questions **Director Kealy** explained that the Department has created an Office of Broadband which has so far been concentrating on distribution of CARES Act funds and will continue to monitor areas that need to be addressed. He detailed the rules the agency must follow, the criteria to determine which areas were most under served, and the estimated time necessary to complete the project. He then clarified that this supplemental budget would not be subsidizing the actual internet service, it would merely make sure that the necessary infrastructure is in place. The Committee voiced concern over the possibility of government controlled internet limiting freedom of speech. Director Kealy reassured them the infrastructure would be put in place but not monitored or regulated and internet services would still be provided by private companies. He went on to explain the need for the carry-over authorization, citing the agency's projection that only part of the appropriation will likely be used in the current fiscal year. He cautioned the Committee against significant slowing of progress which will likely occur without the flexibility provided by a carry-over authorization.

In response to Committee questions specifically concerning the origins of the supplemental appropriation **David Hahn**, Division of Financial Management, explained that the uniqueness of the situation. Citing transparency as a top priority, he explained how the amount for the appropriation was determined. He further stated the money appropriated for this program will be reabsorbed at the end of the fiscal year and would be better utilized for improvements to the state's infrastructure. He reiterated the importance of the carry-over authorization to provide continuity of funding to the project and acknowledged how unusual the carry-over request is. In response to Committee concerns regarding the authority of the Governor to re-purpose the money for this supplemental appropriation Mr. Hahn clarified the appropriation is simply a recommendation, rather than an approved budget. He further explained that the Governor chose to take action via a 5% hold back across the budget due to a highly uncertain economic forecast. He added that this action is only temporary until the legislature decides to uphold it or not.

Chairman Holtzclaw opened discussion within the Committee, stating if the majority of the body decides the budget isn't worth funding an individual could write legislation to appropriate money specifically for the same purpose. **Rep. Horman** noted this is exactly JFAC's job. The Committee further discussed the possibility that writing this funding into the 2022 fiscal year would cause that budget to grow and take away the flexibility of the supplemental appropriation with the carryover clause. They noted that this may actually hurt constituents. Some Committee members questioned the addition of an emergency clause in any potential legislation to add this project to the 2022 fiscal year, to which others responded stating supplemental budgets are exactly the same thing. Committee members noted that they would like to see a specific line item in the budget for broadband and stated that at most creating new legislation to address broadband in the state might slow the project by just a few months. The Committee further noted the importance of internet in daily life, the inaccessibility for large numbers of Idahoans, and commented that they would like to see some actual progress being made on that front.

ADJOURN: There being no further business to come before the Committee the meeting adjourned at 2:59 PM.

Representative Holtzclaw
Chair

Emma Wall
Secretary