

REVENUE ESTIMATING CONFERENCE

Revenue Source: Local Taxes and Fees

Issue: Broadband Internet Infrastructure Pole Attachments

Bill Number(s): HB 1147

Entire Bill

Partial Bill:

Sponsor(s): Representative Tomkow

Month/Year Impact Begins: June 30, 2024

Date(s) Conference Reviewed:

Section 1: Narrative

- a. Current Law:** In 2021, the Legislature passed CS/CS/HB 1239 (Broadband Internet Infrastructure), creating s. 288.9963, F.S. Under this law, a broadband provider is currently entitled to receive a promotional rate of \$1 per wireline attachment per pole per year for any new attachment necessary to make broadband service available to an unserved or underserved end user within a municipal electric utility service territory. The promotional rate expires on July 1, 2024.
- b. Proposed Change:**
The bill extends the expiration date of the \$1 wireline attachment promotional rate from July 1, 2024, to December 31, 2028.

Section 2: Description of Data and Sources

Contact with a representative for Florida Municipal Electric Association

Contact with staff at League of Cities

Revenue Estimating Conference CS/CS/HB 1239 Analysis (June 21, 2021)

Center for Technology, Innovation and Competition, Survey of Rates for Pole Attachments and Access to Rights of Way (April 2018)

Contact with legislative staff for Representative Tomkow

Section 3: Methodology (Include Assumptions and Attach Details)

Data needed to estimate the fiscal impact on municipal electric utilities as a result of the extension on discounted pole attachment rates for broadband service providers is not readily available. Pole attachment rates, the number of providers who will take advantage of the continued promotion, and the number of underserved or unserved areas within each municipality is either unavailable or unknown. Based on recent conversations with a representative from Florida Municipal Electric Association, no known provider has taken advantage of the promotional rate since the passage of CS/CS/HB 1239 in 2021.

Pole Attachment Fees

Local governments establish their pole attachment fees by local ordinance or agreement. As a result, the pole attachment rates vary for each municipal electric utility. These rates may also vary per agreement/contract between the municipal electric utility and the broadband service provider, as the terms and rates in the contract are typically negotiated between the parties.

In 2018, the Center for Technology, Innovation and Competition, conducted a survey of rates for pole attachments and access to rights of way. According to the survey results, the mean rate for wired pole attachments was \$17.58 and the median rate was \$15.56. When looking at rates for different types of utility facility owners (municipal vs private) it was determined that wired pole attachment rates were highest for municipalities (mean \$23.32, median of \$20.40) and lowest for private utilities (mean \$7.69, median \$5.30). Based on the REC CS/CS/HB 1239 Analysis, it is estimated that the average cost of wired pole attachments in Florida is around \$18.00, as of June 21, 2021.

Unserved and Underserved Areas

The availability of broadband Internet service access in rural unserved or underserved areas is different for each municipality. Some municipalities may have only a few small unserved or underserved areas within the municipality or they may not have any areas. Whereas in other municipalities the entire county may be unserved or underserved. Currently, information regarding which areas are unserved or underserved within each municipality is unknown.

Broadband Service Providers

While Broadband Internet providers will benefit from the extension of the discounted pole attachment rates, the number of broadband providers who will take advantage of the promotional rate is indeterminate. Based on recent conversations with a

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representative from Florida Municipal Electric Association, no known provider has taken advantage of the promotional rate since the passage of CS/CS/HB 1239 in 2021.

Overall

The estimate adopted for the promotional fee in 2021 was negative indeterminate, which is the estimated high for this impact. However, since no known provider has used the promotional rate since 2021, there might still be no provider who takes advantage of the rate in the coming fiscal years, or there could be providers who do but the total revenue loss to local governments does not reach \$100,000. Therefore, the middle estimate is negative insignificant and the low estimate is a zero impact.

Section 4: Proposed Fiscal Impact

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	(**)	0	(*)	0	0	0
2025-26	(**)	0	(*)	0	0	0
2026-27	(**)	0	(*)	0	0	0
2027-28	(**)	0	(*)	0	0	0
2028-29	(**)	0	(*)	0	0	0

Revenue Distribution: Local funds only

Section 5: Consensus Estimate (Adopted: 06/17/2024): The Conference adopted 0/negative indeterminate for the cash impact.

	GR		Trust		Local/Other		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2024-25	0.0	0.0	0.0	0.0	0/(**)	0.0	0/(**)	0.0
2025-26	0.0	0.0	0.0	0.0	0/(**)	0.0	0/(**)	0.0
2026-27	0.0	0.0	0.0	0.0	0/(**)	0.0	0/(**)	0.0
2027-28	0.0	0.0	0.0	0.0	0/(**)	0.0	0/(**)	0.0
2028-29	0.0	0.0	0.0	0.0	0/(**)	0.0	0/(**)	0.0