

Department of Planning and Budget 2020 Fiscal Impact Statement

1. Bill Number: SB536

House of Origin Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled

2. Patron: Edwards

3. Committee: Commerce and Labor

4. Title: Incentives for telecommunications companies; provision of wireless broadband services.

5. Summary: Directs the Tobacco Region Revitalization Commission to award at least \$50 million per year in grants to cover expenditures for the purchase and installation of wireless and broadband equipment to rural service areas in the Commonwealth. The bill defines "rural service areas" as any locality with a mean broadband download speed of less than 10 megabits per second, and a mean broadband upload speed of less than one megabit per second.

6. Budget Amendment Necessary: Indeterminate. See item 8.

7. Fiscal Impact Estimates: Indeterminate.

8. Fiscal Implications: The Tobacco Indemnification and Community Revitalization Fund (the Fund) is supported by the amounts withdrawn from the Tobacco Indemnification and Community Revitalization Endowment (the Endowment) in accordance with § 3.2-3104, Code of Virginia. According to current statute, the income of the Endowment shall be paid out, not less than annually, to the Fund. Additionally, the maximum amount that may be withdrawn from the corpus of the Endowment, upon three-fourths vote of the Commission, is 15 percent. The balance of the corpus at the start of FY 2020 totaled \$198.8 million, and the balance will continue to decrease.

A \$50.0 million annual withdrawal from the corpus as proposed in this bill would exceed the 15 percent threshold established in current law. Accordingly, the provisions of this bill would deplete the existing balance of the Endowment in approximately four years.

9. Specific Agency or Political Subdivisions Affected: Tobacco Region Revitalization Commission.

10. Technical Amendment Necessary: No.

11. Other Comments: None.