

THE BOND BUYER

Southwest's states prepare to fund broadband expansion

By

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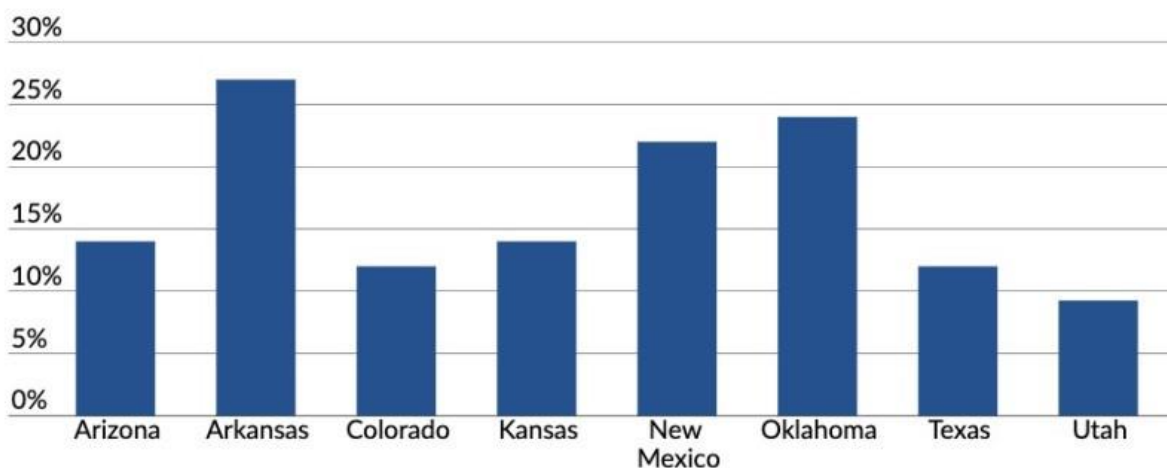
States across the Southwest are preparing to leverage a new wave of federal funding for broadband expansion President Joe Biden wants to provide through his [infrastructure proposal](#).

Amid the COVID-19 pandemic, access to high-speed internet is seen as a boon to rural economies, educational outreach and online business.

“Broadband access has been an overlooked problem in Kansas and across the country for years — but my administration knows it’s a game-changer, particularly for rural and underserved areas of our state,” Kansas Gov. Laura Kelly said. “We’re committed to ensuring every Kansan has access to the connection they need for telehealth, virtual school, and to ensure business can compete in an increasingly digital-focused economy.”

Residents lacking acceptable internet speed

Percent with inadequate connections



Source: Whitehouse.gov

Like most other states, Kansas created an Office of Broadband Development to accelerate the rollout of high-speed internet through grants and other sources of funding.

As one of six states that lack a state office for broadband development, Texas is creating one through Senate Bill 5, which won unanimous Senate approval after Gov. Greg Abbott designated the bill as an emergency issue. A companion bill, [House Bill 5](#), is under consideration in the state House. The bill would place the development office under the supervision of the state comptroller, currently Glenn Hegar.

“One of the many ways in which COVID-19 has changed society is how it shifted so many aspects of our lives online,” Hegar said in a report on the need for broadband expansion. “Online shopping has grown enormously, of course, but so have telework, online job searches, telemedicine, distance learning and other applications.

“Bringing broadband to rural Texas could be a complex and expensive undertaking, since internet service providers generally can’t make a profit expanding service to these far-flung areas,” he said. “But state and federal funding may be available to help.”

President Biden is leading the push for broadband expansion with a \$100 billion proposal to expand service in rural areas as part of his \$2.25 trillion infrastructure plan.

New federal funding that gives priority to municipal and co-op networks will incentivize municipal bond issuance amid conflict with established corporate providers, according to data researcher [BroadbandNow](#). Restrictive legislation exists in 18 states, and five other states provide lesser barriers.

While access to education is the driving factor in expansion in the pandemic, states also recognize the growth in online retailing.

In Texas, year-over-year sales tax revenue from online shopping rose by 41.6% in November 2020 and 40% in December, Hegar reported. Those figures include vendors specializing in online sales but not the e-commerce components of businesses with brick-and-mortar stores, many of which also have seen major online sales increases.

In Oklahoma, legislators had to override a veto by Gov. Kevin Stitt last year to create the Rural Broadband Expansion Council.

Stitt said the new council duplicates a task force his administration had already created. Stitt said digital transformation was one of his top priorities.

“Our current broadband task force is yielding great results, and the need for another task force is unnecessary and redundant,” Stitt said in his veto message. “This is a duplication of work, expertise and expense.”

In Arkansas the state House last month unanimously passed HB 1788, creating broadband improvement districts. According to legislative research, Arkansas ranks 41st in the country in terms of broadband access and ranks last among all states in internet connectivity.

in February, Gov. Asa Hutchinson signed Senate Bill 74 removing the largest restriction on municipal networks in the state.

In New Mexico, Gov. Michelle Lujan Grisham this month signed into law Senate Bill 93, creating the Office of Broadband Access and Expansion and House Bill 10, establishing the Connect New Mexico Fund to oversee \$130 million of grants.

A 15-member council will oversee grant and infrastructure appropriations made in the 2021 session.

A federal [survey](#) of infrastructure needs for Biden’s Jobs Plan estimates that 22% of New Mexico residents live in areas where there’s no broadband infrastructure that provides acceptable internet speeds. The nation’s second poorest state per capita is ranked as one of the neediest in terms of connectivity.

In next-door Arizona, the state Department of Education is applying \$1.5 million in federal funds to its Final Mile Project, designed to extend or upgrade internet connectivity to rural Arizona homes.

“The past year has exposed many long-standing inequities impacting Arizona students and families, notably access to at-home technology and internet service,” Superintendent of Public Instruction Kathy Hoffman said in a prepared statement.

In Colorado, six Western Slope counties are partially matching a nearly \$1 million grant from the U.S. Commerce Department’s Economic Development Administration to improve access to “affordable, reliable and abundant internet service.”

On Oct. 30, Colorado Gov. Jared Polis created the Broadband Advisory Board by executive order to focus on collaboration and coordination of broadband efforts.

Utah established a template for municipal broadband in 2004 with the creation of UTOPIA Fiber, serving 11 cities. Four more cities have since joined.

UTOPIA calls itself the largest, fastest-growing, and most successful open access network in the United States. Open access means the network serves multiple internet service providers much as an airport serves multiple airlines.

Among the major backers of rural broadband efforts is the American Farm Bureau Federation, which sees connectivity as a critical factor in accessing markets.

“Farmers and ranchers, who have already seen a drastic 50% decline in net farm income in the last four years, must have access to fixed and mobile broadband to be more efficient, economical and responsive to environmental needs,” AFBF President Zippy Duvall said in a letter urging passage of the Broadband Deployment Accuracy and Technological Availability (DATA) Act under H.R. 4229.

Federal Communications Commission data shows that 26.4% of rural Americans lack access to broadband compared to only 1% of urban Americans.

Broadband coverage maps use census block data to determine which areas are covered. Census blocks are too large in rural and remote locations to accurately determine which areas are actually in need, according to the bureau.

The Broadband DATA Act would establish a serviceable location fabric, which would serve as a baseline for served, underserved and unserved broadband areas.

“With limited funding and an overabundance of need, more granular and accurate maps are critical to successfully target and distribute federal broadband programs,” Duvall said.

[Richard Williamson](#)