



DEPARTMENT OF COMMERCE

ASA HUTCHINSON | Governor MICHAEL PRESTON | Secretary

ECONOMIC IMPACT STATEMENT OF PROPOSED RULES OR REGULATIONS

EO 05-04: Regulatory Flexibility

Department: Arkansas Economic Development **Division:** Legal
Commission

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Date: December 6, 2019
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Title or Subject:

Proposed Rule “Arkansas Rural Connect Broadband Grant Program”

Benefits of the Proposed Rule or Regulation

1. Explain the need for the proposed change(s). Did any complaints motivate you to pursue regulatory action? If so, please explain the nature of such complaints.

The proposed Rule is needed to implement the Governor’s Arkansas State Broadband Plan. This proposed regulation establishes requirements for implementation of the Rural Connect Grant Program by AEDC and the State Broadband Manager to help expand broadband access in this State. This proposed Rule modifies an earlier proposed Rule in response to public comments.

2. What are the top three benefits of the proposed rule or regulation?

This proposed Rule modifies an earlier proposed rule which limited participation in the program to incorporated municipalities. The newly proposed rule no longer has this restriction and establishes eligibility criteria that an area (1) have less than 80% served with broadband coverage, (2) have at least 500 people in the project footprint, and (3) have at least 200 people unserved with broadband coverage. The newly proposed Rule also provides that County judges may now apply on behalf of unincorporated communities or entire counties, and there is a \$3,000 cap per household and an overall project cap of \$2 million or 20% of the ARC funding round budget extends eligibility. In general, the proposed Rule also :

- Sets out grant application process, timelines and requirements for eligible areas and ISP partners in the ARC Program
- Provides extensive deployment and quarterly progress reporting for participating areas and ISPs for review and monitoring by the Arkansas State Broadband Office (“ASBO”)
- Provides a fair and transparent process and standards for review and approval of applications or RFAs (“Requests for Applications”) for participation in the ARC program
- Sets out detailed eligibility criteria and procedures for the application submittal process, application review and approval process and ASBO project monitoring of the program including penalties to incentivize substantial completion and participation in the program
- Requires disclosure reports to the ASBO, for applying and participating entities, pertaining to project connectivity goals, engineering planning, costs, conflicts of interest, financial statements, and other items, for adequate ASBO regulation, monitoring and implementation of this program

See the **Summary** we attached to the BLR Questionnaire for more details.

3. What, in your estimation, would be the consequence of taking no action, thereby maintaining the status quo?

Failure to timely implement the Governor's Broadband program to increase broadband coverage for eligible areas in this State.

4. Describe market-based alternatives or voluntary standards that were considered in place of the proposed regulation and state the reason(s) for not selecting those alternatives.

The proposed program and rule uses state grant based funds to partner with eligible areas and internet service providers to encourage market-based participation by partner ISPs and broadband providers.

Impact of Proposed Rule or Regulation

5. Estimate the cost to state government of collecting information, completing paperwork, filing, recordkeeping, auditing and inspecting associated with this new rule or regulation.

None.

6. What types of small businesses will be required to comply with the proposed rule or regulation? Please estimate the number of small businesses affected.

None.

7. Does the proposed regulation create barriers to entry? If so, please describe those barriers and why those barriers are necessary.

None.

8. Explain the additional requirements with which small business owners will have to comply and estimate the costs associated with compliance.

None.

9. State whether the proposed regulation contains different requirements for different sized entities, and explain why this is, or is not, necessary.

None.

10. Describe your understanding of the ability of small business owners to implement changes required by the proposed regulation.

The propose Rule does not require "small business owners" to implement provisions in the proposed Rule.

11. How does this rule or regulation compare to similar rules and regulations in other states or the federal government?

None that we are aware of at this time.

12. Provide a summary of the input your agency has received from small business or small business advocates about the proposed rule or regulation.

We have received no comments from small businesses at this time.