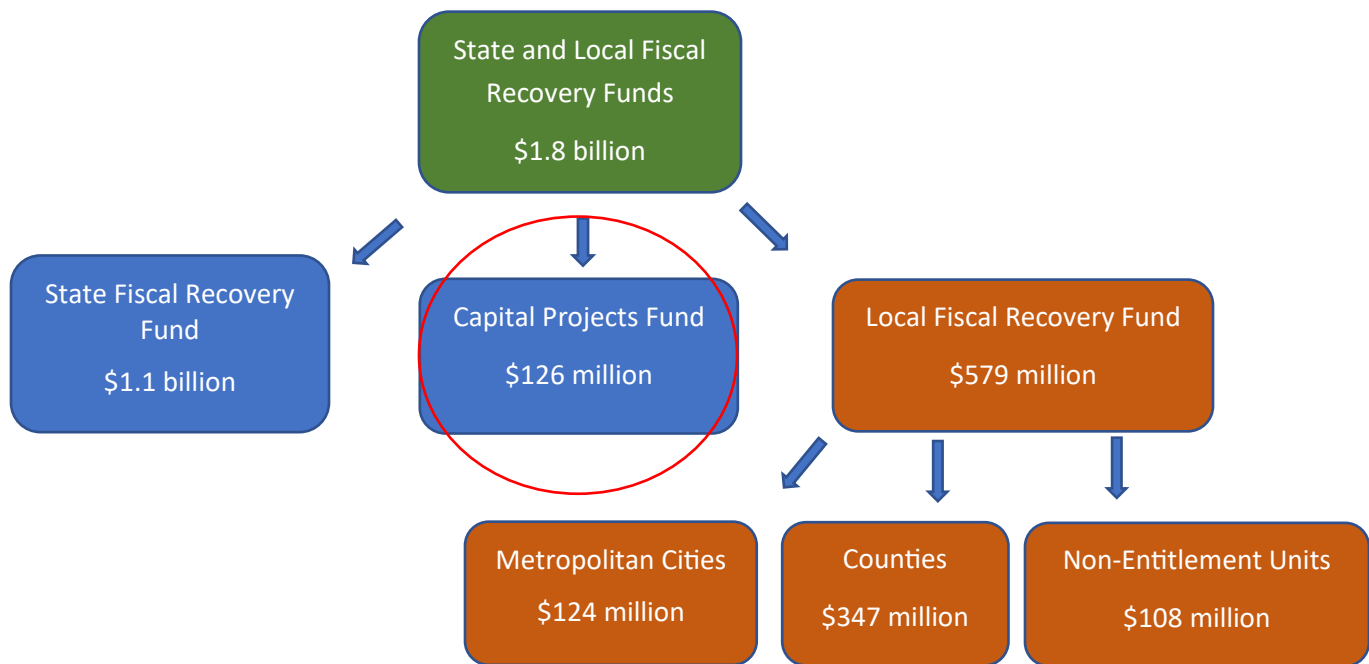




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Regarding: Other States & ARPA- Capital Projects Fund & Broadband

Section 9901 of the American Rescue Plan Act (ARPA) of 2021 (P.L. 117-2) establishes the State Fiscal Recovery Fund, Local Fiscal Recovery Fund, and Capital Projects Fund. The Capital Projects Fund primarily aims to improve internet connectivity across the country by providing \$10 billion to states, territories, and Tribal governments to “carry out critical capital projects directly enabling work, education, and health monitoring, including remote options, in response to the public health emergency with respect to COVID-19.”



*blue boxes indicate state level and orange local

The Capital Projects Fund will provide a minimum of \$100 million to each state, which require legislative appropriation and are available until expended. **Idaho is estimated to receive \$126 million.** Eligible applicants will be required to submit a plan describing how they intend to use allocated funds. On May 10, 2021 the U.S. Department of the Treasury issued a statement on purpose and process for the Capital Projects Fund¹. According to the U.S. Treasury, Capital projects include:

“Investments in depreciable assets and the ancillary costs needed to put the capital assets in use. Under the American Rescue Plan, these projects must be critical in nature, providing connectivity for those who lack it. The Capital Projects Fund thus allows for investment in high-quality broadband as well as other connectivity infrastructure, devices, and equipment. In addition to supporting broadband, it also provides flexibility for each state, territory, and Tribal government to make other investments in critical community hubs or other capital assets that provide access jointly to work, education, and health monitoring. All projects must demonstrate that they meet the critical connectivity needs highlighted and amplified by the COVID-19 pandemic.”

¹ <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/capital-projects-fund>



The Capital Projects Fund overlaps with the broader range of uses of State and Local Fiscal Recovery Funds, including broadband infrastructure. Categories for the allowable uses of State and Local Fiscal Recovery Funds include²:

- Support public health expenditures by funding COVID-19 mitigation efforts, medical expenses, behavioral healthcare, and certain public health and safety staff
- Address negative economic impacts caused by the public health emergency
- Replace lost public sector revenue
- Provide premium pay for essential workers
- Invest in water, sewer, and broadband infrastructure

For Capital Projects Funds, U.S. Treasury will begin to accept applications for review in the summer of 2021 and intends to issue guidance before that date. However, the only additional guidance available from U.S. Treasury on the Capital Projects Fund is from the May 10, 2021 statement. Due to the lack of federal guidance, many states have refrained from appropriating Capital Projects Funds until future legislative sessions. Despite the lack of federal guidance and emphasis on broadband connectivity, three states (Kentucky, Montana, and Washington) have appropriated Capital Projects Funds for both broadband and other uses. This issue brief aims to highlight the states that have appropriated Capital Projects Funds as of July 20, 2021 in addition to providing relevant state plans or ARPA appropriations related to broadband.

States- Capital Projects Fund Appropriations³

Kentucky- The Kentucky Legislature appropriated \$185 million in Capital Projects Funds, which was proposed by the governor⁴. The Governor’s “Better Kentucky Plan” intends to utilize \$1.3 billion in State and Local Fiscal Relief Funds to boost the state’s economy by building new schools, delivering clean drinking water, and expanding access to broadband⁵.

- **H 556** appropriates⁶
 - \$53 million from the Capital Projects Fund to the Facilities and Support Services budget unit in the Finance and Administration Cabinet for continuing renovations to the interior of the Capitol Building including mechanical, electrical, and plumbing updates
 - \$5 million from the Capital Projects Fund to the Facilities and Support Services budget unit in the Finance and Administration Cabinet for renovations to the exterior of the Capitol Annex Building, including terrace repairs and waterproofing upgrades
 - In the event that the appropriations authorized above do not qualify as eligible expenditures of Capital Projects Fund, the federal funds shall be reallocated to the School Facilities Replacement and Renovation Fund
 - \$127 million from the Capital Projects Fund to the School Facilities Replacement and Renovation Fund in the School Facilities Construction Commission budget unit to support school facility construction costs
- **H 320** appropriates
 - \$250 million in ARPA funds to the broadband deployment fund⁷. Agencies administering the broadband deployment fund shall ensure that moneys are awarded for projects in underserved or unserved areas

² <https://www.govinfo.gov/content/pkg/FR-2021-05-17/pdf/2021-10283.pdf>

³ <https://app.powerbi.com/view?r=eyJrIjojODMxYjI1NGMtZW00Ny00YzNiLTkxNjQ0MTBjNDZjYTkzNzhhIiwidCI6IjM4MmZiOGIwLTRkYzYzMTNDEwNy04MGJkLTM1OTViMjQzMmZhZSI6ImMiOjZ9&pageName=ReportSection>

⁴ <https://www.courier-journal.com/story/news/politics/2021/03/26/gov-beshears-plan-spending-2-6-b-arpa-funds/7018933002/>

⁵ <https://governor.ky.gov/priorities/better-kentucky-plan#:~:text=Better%20Kentucky%20Plan-,Gov.,in%20the%20post%20COVID%20economy.>

⁶ <https://apps.legislature.ky.gov/lrcsearch#tabs-6>

⁷ <https://apps.legislature.ky.gov/recorddocuments/bill/21RS/hb320/bill.pdf>



Montana- The Montana Legislature appropriated \$119.3 million in Capital Projects Funds.

- **HB 632** appropriates⁸
 - \$119.3 million from Capital Projects Funds to the Office of Budget and Program Planning for state capital projects
 - Includes projects for state-owned buildings and facilities and associated infrastructure as well as within the Montana University system, including community colleges in the state
 - Project requests must be submitted to the Department of Administration, which shall certify that each submitted project is a qualifying capital project as defined by ARPA and applicable guidance
 - The Department of Administration shall submit a list of recommended state capital projects to the advisory commission
 - The list must contain up to \$1 million for Freezer, Morgue and Refrigeration Space, and up to \$1 million for Crime Lab Facility Space at the Department of Justice, if eligible
 - Project preference must be given to projects that are geographically dispersed throughout the state
 - If a project is identified not eligible and, if completed, the governor may authorize a different project and provide a report to the Infrastructure Advisory Commission and the Legislative Finance Committee
 - \$275 million from State Fiscal Recovery Funds to the Office of Budget and Program Planning and allocated to the Department of Commerce for communications projects, which are those related to broadband infrastructure, including cell towers, or public safety, if eligible
- **HB 632** establishes American Rescue Plan advisory commissions⁹. The Governor has announced commission members, and the commissions must meet by June 11, 2021. The official state website of Montana has a page dedicated to ARPA information and portals for entities to submit applications for water and sewer; communications and broadband; economic transformation, stabilization, and workforce development; health and human services; housing and rental assistance; and K-12 grants¹⁰.
 - Infrastructure advisory commission- review applications for funding for state capital projects and state and local government water and sewer infrastructure projects and provide recommendations to the executive on which projects should be funded
 - Communications advisory commission- review recommendations for projects related to broadband infrastructure
 - Economic transformation and stabilization and workforce development advisory commission- review proposals for economic transformation and stabilization and workforce development programs from the departments of Commerce, Agriculture, and Labor and Industry
 - Health advisory commission- recommend how funds allocated to the Department of Public Health and Human Services are to be used
- **SB 297** establishes Connect MT¹¹
 - The Department of Commerce shall establish the broadband infrastructure deployment program and is responsible for receiving and reviewing responsive proposals and awarding contracts after review by the communications advisory commission¹², listed above and provided for in HB 632, and the governor's approval.

⁸ <https://leg.mt.gov/bills/2021/billpdf/HB0632.pdf>

⁹ <https://news.mt.gov/Governors-Office/gov-gianforte-announces-commissions-to-distribute-arpa-funds>

¹⁰ <https://arpa.mt.gov/>

¹¹ <https://leg.mt.gov/bills/2021/billpdf/SB0297.pdf>

¹² <https://arpa.mt.gov/Communications>



- Funding for the program is subject to appropriations from general fund revenue, from bonds issued by the department, or federal broadband stimulus funds or other federal funds allocated to the department for funding of broadband communications projects.
- Establishes a federal special Montana broadband infrastructure account
- Appropriates \$500,000 to the Department of Commerce for enforcing implementation of the act
- Contingent termination when all funds received from ARPA allocated to the department for communications have been expended

Washington- The Washington Legislature appropriated \$178.4 million in Capital Projects Funds for a wide array of broadband and infrastructure projects¹³.

- **SHB 1080** appropriates from Capital Projects “Account”
 - \$126 million to the Department of Commerce for broadband infrastructure and other needs
 - \$30 million for Rapid Capital Housing Acquisition- to acquire or rent real property for a rapid conversion into enhanced emergency shelters, permanent supportive housing, transitional housing, youth housing, drop-in center, or shelter for extremely low-income persons or persons experiencing homelessness
 - \$926,000 for work, education, health monitoring projects
 - \$8.5 million for early learning facilities for emergency renovation and remodeling
 - The statewide broadband office must develop and submit a report regarding the grants established to the Office of Financial Management and appropriate fiscal committees of the legislature
 - \$26 million to the Department of Enterprise Services for Temple of Justice HVAC
 - \$3.8 million to Social and Health Services
 - \$1.5 million for Eastern State Hospital- Westlake new HVAC controls
 - \$2.3 million for transitional care center-main building patient rooms cooling
 - \$7 million to the Department of Health
 - \$4.9 million for public health lab south laboratory addition
 - \$216,000 for e-wing remodel to a molecular laboratory
 - \$1.9 for replacing air handling unit
 - \$4.6 million to the Department of Corrections for HVAC replacement
 - \$2 million to the Department of Natural Resources for rural broadband investment
 - \$15 million to the Superintendent of Public Instruction
 - \$12 million for small district and tribal compact schools modernization
 - \$1.8 million for skills centers minor works
 - \$1.2 million for school district health and safety
 - \$4 million to Evergreen State College for Lab HVAC upgrades
- **SHB 1080** also appropriates \$260 million from State Fiscal Recovery Funds for broadband infrastructure grants

States- Plans and Appropriations Related to Broadband and ARPA Funds¹⁴

Alaska- The governor released a proposal for the use of State Fiscal Recovery Funds, which includes \$325 million for safe water, sewer, and broadband infrastructure investments¹⁵.

¹³ <http://lawfileext.leg.wa.gov/biennium/2021-22/Pdf/Bills/House%20Passed%20Legislature/1080-S.PL.pdf?q=20210719150651>

¹⁴ <https://www.pewtrusts.org/en/research-and-analysis/articles/2021/05/12/broadband-proved-a-top-priority-for-state-policy-makers-in-2020>

¹⁵ <https://gov.alaska.gov/newsroom/2021/04/16/dunleavy-announces-proposal-for-use-of-federal-american-rescue-plan-act-funds/>



California- The California Legislature passed AB 128, which appropriates \$1 billion in one-time Fiscal Recovery Funds for a broadband infrastructure package¹⁶.

Colorado- The Colorado Legislature passed HB 21-1289, which appropriates \$35 million in State Fiscal Recovery Funds to the Governor’s Office of Information Technology for the Digital Inclusion Grant Program Fund and \$5 million in State Fiscal Recovery Funds to the Department of Local Affairs for the Interconnectivity Grant Program Fund.

Hawaii- The Hawaii Legislature appropriated \$5 million in ARPA funds for broadband access in unserved and underserved areas¹⁷.

Idaho- The Idaho Legislature passed HB 127 (2021), which creates the Idaho Broadband Fund and Idaho Broadband Advisory Board¹⁸. The Broadband Advisory Board consists of three members each from the House and Senate and three members appointed by the governor. The board shall create a statewide broadband plan for structuring, prioritizing, and dispersing grants from the Idaho Broadband Fund, which will provide financial assistance for broadband infrastructure in Idaho to address equal access to economic development, public safety, telehealth, and education¹⁹.

Indiana- The Indiana Legislature appropriated \$250 million to the lieutenant governor for the Rural Broadband Fund²⁰.

Maryland- The Maryland Legislature passed SB 66, which appropriates \$300 million for broadband accessibility and creates the Office of Statewide Broadband within the Department of Housing and Community Development²¹.

New Mexico- The New Mexico Legislature passed SB 93, which creates an “Office of Broadband Access and Expansion²².” Key duties include creating and maintaining an official, publicly accessible online broadband access map showing broadband availability and quality of service and providing the governor and legislature with a three-year statewide broadband plan by January 1, 2022.

Texas- The Texas Legislature passed HB 5, which relates to the state’s existing broadband council and the expansion of broadband services to certain areas²³. Among other duties, the council shall research the progress of broadband development in unserved areas, deployment of broadband statewide, purchase of broadband by residential and commercial customers and analyze how statewide access to broadband would benefit economic development, education, law enforcement, state emergency preparedness, and health care.

Utah- Utah legislators have divided ARPA funds available to the state into “buckets,” organized by priorities. Plans include \$175 million for broadband internet expansion²⁴.

Vermont- The Vermont Legislature passed H 315, which appropriates \$1.8 million in State Fiscal Recovery Funds to the Department of Public Service. Of this amount, \$1.6 million is for a broadband infrastructure program²⁵.

¹⁶ https://leginfo.ca.gov/faces/billTextClient.xhtml?bill_id=202120220AB128

¹⁷ http://www.capitol.hawaii.gov/session2021/bills/HB200_CD1_.htm

¹⁸ <https://legislature.idaho.gov/wp-content/uploads/sessioninfo/2021/legislation/H0127.pdf>

¹⁹ <https://commerce.idaho.gov/press-releases/idaho-broadband-advisory-board-announces-july-meeting/>

²⁰ <http://iga.in.gov/legislative/2021/bills/house/1001#document-dbc2cc8e>

²¹ <http://dls.maryland.gov/pubs/prod/RecurRpt/2021rs-90-day-report.pdf>

²² <https://www.nmlegis.gov/Sessions/21%20Regular/final/SB0093.pdf>

²³ <https://capitol.texas.gov/tlodocs/87R/senateamend/pdf/HB00005A.pdf#navpanes=0>

²⁴ <https://www.deseret.com/utah/2021/5/19/22444064/utah-lawmakers-decided-to-do-with-1-6-billion-federal-covid-19-relief-funds-budget-special-session>

²⁵ <https://legislature.vermont.gov/Documents/2022/Docs/ACTS/ACT009/ACT009%20As%20Enacted.pdf>



Virginia- The governor announced a proposal²⁶ for Virginia to invest \$700 million in ARPA funds to expedite the deployment of broadband infrastructure to unserved areas, accelerating the governor’s 10-year goal for achieving universal internet access from 2028 to 2024.

Wisconsin- The governor announced plans²⁷ to utilize \$100 million in ARPA funds to expand broadband access, effectively enhancing the gubernatorial goal of making 2021 the “year of broadband.”

²⁶ <https://www.governor.virginia.gov/newsroom/all-releases/2021/july/headline-898837-en.html>

²⁷ <https://wisconsinexaminer.com/brief/evers-arpa-expand-wisconsin-broadband/>