

# Legislative Analysis

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## REPEAL BROADBAND AUTHORITY ACT

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**House Bill 4563**

**Sponsor: Rep. John Garfield**

**Committee: Energy and Technology**

**Complete to 2-6-06**

## A SUMMARY OF HOUSE BILL 4563 AS INTRODUCED 3-24-05

The bill would repeal the Michigan Broadband Development Authority Act (MCL 484.3201-3225).

[According to the Department of Labor and Economic Growth website:

*The MBDA was created to help Michigan attract more private sector investment in high-speed Internet infrastructure, and to increase demand for and utilization of broadband services. It does so by offering low-cost loans to telecommunications companies willing to make such investments and by offering organizations low-cost financing for the acquisition of hardware/software applications that will improve or increase their use of broadband service. . . . The Authority is authorized to issue investment grade, taxable and tax-exempt bonds [to be] used to provide financing assistance.]*

### FISCAL IMPACT:

The impact on the State of Michigan government consists of two elements. The first is the loss of \$1.6 million in State restricted fund revenue offset by the elimination of salaries, benefits and administrative costs totaling the same amount. In addition, annual expenditures for the salaries and benefits of three contractual employees not included in the annual appropriation, plus interest cost and contractual services associated with the Authority's issuance of bonded debt total an additional \$2.2 million annually. This \$2.2 million in annual expenditures is paid from the fund balance. Although the bill is silent on this point, the administration of retirement of the existing bonds and collection of existing loans to broadband developers would need to be transferred to another State agency.

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