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**REVISOR *of* STATUTES**

LEGISLATURE *of* THE STATE *of* KANSAS  
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**MEMORANDUM**

To: The Committee on Energy, Utilities and Telecommunications  
From: Nick Myers, Office of Revisor of Statutes  
Date: February 5, 2018  
Subject: House Bill 2563

Current law requires that every telecommunications company that provides telecommunications services or VoIP services to contribute to the Kansas Universal Service Fund (KUSF) based on the in-state revenues generated from the provision of telecommunications services. Providers are authorized to collect KUSF assessments from their customers.

House Bill 2563 would require any company that provides broadband internet services to contribute to the KUSF based upon the company's in-state revenues generated from the provision of broadband internet services. Additionally, HB 2563 would require internet content providers that generate \$500,000 or more of in-state revenues to contribute to the KUSF. Contribution rates for such services would be set by the KUSF administrator based upon the projected obligations of the rural broadband deployment and maintenance account created by HB 2563. The KUSF administrator would have the authority to set different group contribution rates for broadband services and content services.

Beginning in 2019, HB 2563 would require the total amount of contributions made by telecommunications companies to be greater than the total amount that such companies contributed in 2017. The bill would then incrementally cap the KUSF support received by telecommunications companies over a four-year period. In 2019 telecommunications companies would be authorized to receive 90% of the support received in 2017, 85% in 2020, 80% in 2021, and 75% in 2022.

HB 2563 creates a rural broadband deployment and maintenance account within the KUSF. Any contributions made by telecommunications companies that exceed their above-mentioned capped distribution amounts would be deposited in the account. Additionally, all

contributions made from the provision of broadband services or content services would be deposited into such account.

Providers could submit applications to the KUSF administrator to receive funds from the rural broadband deployment and maintenance account to assist with deployment and maintenance of broadband in rural areas. To receive such funds, the broadband service must be able to provide 25 Mbps download speeds and of 3 Mbps upload speeds, latency of less than 100 milliseconds, and a minimum monthly data allowance of 150 gigabytes. Funds could only be used to deploy or maintain broadband in rural areas. Rural areas are defined as counties with a population density of less than 100 persons per square mile, excluding the county seat, and that is not served by broadband with the minimum speed requirements or is served by broadband at those speeds, but less than 10% of the population has access to such service.

Applicants would be required to show that assistance from the rural broadband deployment and maintenance account would be for no more than 60% of the project costs and that projects would be completed within 5 years. Reimbursement from the rural broadband deployment and maintenance account would be made based upon the submission of invoices to the KUSF administrator.

In each year, 5% of the total amount credited to the rural broadband deployment and maintenance account would be distributed to county extension agents to provide support to broadband service providers to increase broadband customer take rates.