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FISCAL IMPACT REPORT

BILL NUMBER: House Bill 323

SHORT TITLE: Access to Affordable Broadband

SPONSOR: Herndon

LAST ORIGINAL
UPDATE: _____ **DATE:** 2/5/2026 **ANALYST:** Hilla

APPROPRIATION* (dollars in thousands)

FY26	FY27	Recurring or Nonrecurring	Fund Affected
	\$5,000.0	Recurring	General Fund

*Amounts reflect most recent analysis of this legislation.

Relates to an appropriation in the General Appropriation Act of 2026

Sources of Information

LFC Files

Agency or Agencies Providing Analysis
Office of Broadband Access and Expansion

SUMMARY

Synopsis of House Bill 323

House Bill 323 (HB323) appropriates \$5 million to the Office of Broadband Access and Expansion (OBAE) for affordable broadband service to assist low-income people. In particular, the appropriation is specific for low-income persons who live in an unincorporated area or in a city, town or an incorporated area with a population of 20,000 or less reflected in the most recent federal decennial census, or on land within the exterior boundaries of a reservation or pueblo grant of an Indian nation, tribe or pueblo, or on a land held in trust by the United States for an Indian nation, tribe or pueblo.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns, which is May 20, 2026.

FISCAL IMPLICATIONS

The appropriation of \$5 million contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of a fiscal year shall not revert

to the general fund. Although HB323 does not specify future appropriations, establishing a new grant program could create an expectation the program will continue in future fiscal years; therefore, this cost is assumed to be recurring. This appropriation is not in the current version of the General Appropriation Act (GAA) of 2026.

The GAA has a reauthorization of a special nonrecurring appropriation for OBAE, originally appropriated \$124 million. Language in the GAA extends the period of expending remaining funds through FY27. At the time of analysis, of the \$124 million appropriation, OBAE has expended \$34.9 million and has obligated \$74.1 million, leaving an unobligated balance of \$14.9 million.

SIGNIFICANT ISSUES

As of June 2024, the federal Affordable Connectivity Program ended due to a lack of additional funding by Congress. The program provided up to \$30 per month toward internet service for eligible households and up to \$75 per month for households on qualifying Tribal lands. OBAE notes that 330 thousand households would be financially eligible for support under this program of meeting 135 percent of the federal poverty level, or low-income as used in HB323.

OBAE has an existing grant program providing free broadband access to eligible students identified through the Public Education Department through OBAE's student connect program.

OBAE was awarded \$675 million in federal Broadband, Equity, Access and Deployment funds (BEAD). As of January 2026, the federal government approved the use of \$382 million for 21 grants. In its press release about the federal BEAD approval, the office noted that with existing state and federal projects, 94 percent of the state will have high-speed internet. Currently 90 percent of the state has high-speed internet connectivity. The office notes that affordability is the largest barrier for families to subscribe to broadband service.

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