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**FISCAL IMPACT STATEMENT**

**LS 6727**

**BILL NUMBER: HB 1393**

**NOTE PREPARED:** Dec 19, 2003

**BILL AMENDED:**

**SUBJECT:** Public Computer Access by Children.

**FIRST AUTHOR:** Rep. Bosma

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**     **GENERAL**  
                          **X DEDICATED**  
                          **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** The bill requires a school corporation or a public library that provides Internet or similar computer access to minors to use software to: (1) limit the ability of minors to gain access to inappropriate materials; or (2) purchase Internet service that filters access to these materials. The bill requires school corporations and public libraries to hold an annual public meeting to determine: (1) how to comply with these requirements; and (2) what materials are considered inappropriate for minors. The bill provides for grants from the Indiana Technology Fund (ITF) to pay for the costs of purchasing software or Internet connectivity to comply with the statute.

**Effective Date:** July 1, 2004.

**Explanation of State Expenditures:** *Summary:* Under the bill, public libraries and schools would be able to receive grants for Internet filtering projects from the Indiana Technology Fund under IC 4-34-3. Schools and libraries that were to receive funds would be required to equip public access computers with Internet filtering devices to insure minors cannot access inappropriate material on the Internet. The fiscal impact to state expenditures is indeterminable, and would depend on the number of public libraries and school corporations that would request a grant under the bill.

Depending on the status and applicability of certain funds appropriated in P.L. 224-2003 (See *Background*), the source of funds required to satisfy the requirements of this bill would depend upon legislative and administrative actions.

*Background:* P.L. 224-2003 appropriated the following from the Build Indiana Fund (BIF) over the FY 2004-2005 Biennium:

Category Use	FY 2004-2005 Biennial Appropriation	Fund Affected
School and Library Internet Connection	\$7 M	Build Indiana Fund (IC 4-30-17)
INSPIRE (IC4-34-3-2)	\$2.5 M	Build Indiana Fund (IC 4-30-17)

Under P.L. 224-2003, \$2.3 M of the School Library and Internet Connection annual appropriation must be used for schools under IC 4-34-3-4, under which the Intelnet Commission allocates funds to pay for school Internet connections. Additionally, \$1.2 M must be used from the yearly appropriation for library technology grant projects (IC 4-34-3-2.)

Under current law (P.L. 340-1995), the Indiana Technology Fund is available to help school corporations and libraries to connect to the Internet. In FY 2003, \$3.77 M were disbursed to the ITF.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** *Background:* A sample of school corporations were surveyed. Currently, several use an Internet filtering device on computers used by students. Additionally, some corporations have discussed acquisition of Internet filtering equipment at school board meetings. Currently, Indiana has 293 school corporations.

Approximately 52.7% of 239 public libraries in Indiana that responded to an Indiana State Library survey had either installed an Internet filtering device or would have installed a device by July 1, 2003.

Filtering software may range from \$30 to \$50 per unit, depending on the manufacturer. According to Websense.com, online service filtering may be acquired for \$15 per year.

**Explanation of Local Revenues:** See *Explanation of State Expenditures*.

**State Agencies Affected:** State Budget Agency.

**Local Agencies Affected:** School corporations and public libraries.

**Information Sources:** State Budget Agency; FY 2002 & FY 2003 *Distribution of Lottery and Gaming Surplus Account Funds and Riverboat Admissions and Wagering Taxes*; PC Magazine Online, 2001 & 2002 Utility Guide; School corporations responding to an LSA information request on Internet filters; 2002 Indiana public library survey conducted by the Indiana State Library, [www.statelib.lib.in.us](http://www.statelib.lib.in.us).

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