

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 74** HLS 202ES 103
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action: **w/ SEN COMM AMD**
 Proposed Amd.: **w/ PROP #2 SEN COMM AMD**
 Sub. Bill For.:

Date: October 19, 2020 1:23 PM	Author: DESHOTEL
Dept./Agy.: Executive Office	
Subject: Creates the state office of broadband	Analyst: Alan M. Boxberger

TELECOMMUNICATIONS RE1 INCREASE GF EX See Note Page 1 of 2
 Creates the state office of broadband (Item #39)

Proposed law creates the office of broadband and connectivity (office), places it within the office of the governor, and requires the office to report to the governor and various committees; establishes appointment and confirmation procedures for the executive director, and allows the executive director to carry out prescribed duties; requires the executive director to submit an annual report to the legislature and provides for contents of the report; requires the governor to direct other state agencies to assist the office; provides for the functions, powers, and duties of the office, which serve to advance the expansion and accessibility of broadband and other connectivity services in the state; and provides the office with the authority to contract with persons and government agencies in order to carry out those duties. Proposed law has a sunset/termination provision that will serve to eliminate the office of broadband and connectivity at twelve o'clock midnight on June 23, 2023.

EXPENDITURES	2020-21	2021-22	2022-23	2023-24	2024-25	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total				\$0	\$0	\$0

REVENUES	2020-21	2021-22	2022-23	2023-24	2024-25	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

Proposed law will result in a significant increase in SGF expenditures between approximately \$295,377 and \$392,746 on an annualized basis beginning upon enactment and continuing through the end of FY 23. Proposed law requires the appointment of an executive director of the newly created Office of Broadband and Connectivity within the Office of the Governor. Proposed law creates the position of executive director and provides for an array of powers and duties, primarily focusing on bridging public, private and individual resources together to facilitate the expansion of broadband and connectivity infrastructure statewide.

The Executive Office reports that initial discussion regarding the staffing requirements necessary to operate an effective Office of Broadband and Connectivity would likely incorporate 3 new T.O. positions to include an executive director beginning in January of 2021 and 2 staff researchers beginning in July of 2021 focused on securing public and private grants available to fund connectivity expansion to underprivileged areas of the state and to promote future broadband development by private partners. Proposed law authorizes the office to enter into any agreement or contract with any person or government agency as necessary or convenient to carry out its functions.

The LFO cannot corroborate the workload necessity detailed by the Executive Office, particularly within the initial timeframe establishing the Office of Broadband and Connectivity. The availability of grant funding from public and private resources is not material at the current time, although conversation at the federal level indicates that substantive grants to provide broadband access to rural areas nationally may be on the horizon. Therefore, one grant reviewer/researcher may be sufficient during establishment of the office. Although the bill in its current form directs the office to map available broadband and connectivity statewide, the Federal Communications Commission (FCC) provides extensive and detailed maps of existing broadband availability nationally that the office can utilize to fulfill this requirement and likely mitigate the need to recreate such mapping. A proposed amendment (reflected in this fiscal note) deletes the prescribed state mapping initiative and provides that the office is to establish procedures to review and comment on the federal mapping initiative created by the Broadband DATA Act, Public Law 116-130.

SEE EXPENDITURE EXPLANATION CONTINUED ON PAGE ONE

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Christopher A. Keaton
Legislative Fiscal Officer

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CONTINUED EXPLANATION from page one:

EXPENDITURE EXPLANATION CONTINUED FROM PAGE ONE

The Executive Office estimated costs (without mapping) at \$96,407 in FY 21 and annualized at \$392,746 beginning in FY 22:

- \$369,058 Personal Services (salaries and related benefits, salary at \$125,000 for executive director beginning in FY 21 and \$60,000 each for 2 researchers beginning in FY 22)
- \$21,500 Operating Expenses (travel at \$15,000, communications at \$2,500, Software at \$2,500 and support at \$1,500)
- \$2,188 Equipment (for annual incidental equipment usage beginning in FY 22)

NOTE: For purposes of this fiscal note, the Executive Office assumes the executive director position would be filled in January of 2021. The Executive Office reports it is likely the researcher position(s) would not be added until the beginning of FY 22 (July 2021). **One-half year funding for the executive director and associated operating expenses would total approximately \$96,407 in FY 21.**

To the degree that staffing levels are less than that estimated by the Executive Office, costs would decrease proportionally. Until material grants and other incentive funding are available, the LFO believes the office can likely operate with an executive director and one researcher to coordinate securing public and private grants and to promote broadband development by private partners. To this end, the LFO believes that at establishment the office could potentially forego one of the two researcher T.O. positions, eliminating an additional \$90,382 in salary and related benefit expenditures. Modifying these expenditure assumptions would provide for estimated annual costs at \$295,377:

- \$278,677 Personal Services (salaries and related benefits, salary at \$125,000 for executive director and \$60,000 for 1 researcher)
- \$15,200 Operating Expenses (travel at \$10,000, communications at \$1,700, Software at \$2,500 and support at \$1,000)
- \$1,500 Equipment (for annual incidental equipment usage)

NOTE: To the extent significant grant funding is available or becomes available in the near future, the office of broadband and connectivity may realize a workload sufficient to justify adding the one additional researcher position as reflected in the Executive Office's original estimate.

Senate Dual Referral Rules


13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}


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