



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 653** HLS 23RS 2422
 Bill Text Version: **RE-REENGROSSED**
 Opp. Chamb. Action: **W/ SEN FLOOR AMD**
 Proposed Amd.:
 Sub. Bill For.: HB 603

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| Date: June 8, 2023 | 3:47 PM | Author: DESHOTEL |
| Dept./Agy.: Office of Broadband Development & Connectivity | | |
| Subject: Granting Unserved Municipalities Broadband Opportunities | | Analyst: Garrett Ordner |

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 RRF SEE FISC NOTE FF EX See Note
 Provides relative to Granting Unserved Municipalities Broadband Opportunities

Proposed law creates the GUMBO 2.0 program within the Office of Broadband Development & Connectivity to administer grants for the development of broadband infrastructure. Proposed law provides for the use of federal mapping data to identify areas which are unserved or underserved with respect to broadband access. Proposed law provides for the promulgation of program rules, an application process, a process to protest grant awards, and a process to challenge the identification of unserved and underserved areas. Proposed law provides for the scoring of grant applications, the protection of confidential information, and reporting requirements. Proposed law requires 25% of the cost of a broadband infrastructure to be funded by the grant recipient or by a local government on behalf of the grant recipient. Proposed law authorizes the use of up to one percent of appropriated funds to administer the program and up to one percent of appropriated funds to hire contractors to further administer the program.

| EXPENDITURES | 2023-24 | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 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 | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | |
| Local Funds | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | |
| Annual Total | | | | | | |

| REVENUES | 2023-24 | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 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 | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | |
| Local Funds | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| Annual Total | | | | | | |

EXPENDITURE EXPLANATION

Proposed law will enable the Office of Broadband Development & Connectivity to provide federal grants to internet service providers for the development of broadband access in unserved areas, underserved areas, and Community Anchor Institutions (e.g. schools, libraries, health clinics, etc.) through the Broadband Equity, Access, and Deployment (BEAD) program established by the Infrastructure Investment and Jobs Act (IIJA). The amount of LA's BEAD allocation will be announced June 30, 2023, but the IIJA guarantees a minimum allocation of \$100 M, and the Office of Broadband Development & Connectivity indicates the allocation may be as high as \$1 B. The funds are expected to be available for at least five years. There will be increased local funds expenditures to the extent that local governments elect to provide matching funds to support grant projects either as municipal internet service providers or on behalf of private internet service providers, as subgrantees are required to provide matching funds totaling at least 25% of all project costs.

Proposed law is intended to ensure the GUMBO 2.0 program complies with federal requirements of the BEAD program. This program provides \$42.5 B nationwide to expand high-speed internet access by funding planning, infrastructure deployment and adoption programs.

Proposed law will allow the GUMBO 2.0 program to expend federal BEAD funds through grants to internet service providers in order to provide broadband access in unserved areas, underserved areas, and Community Anchor Institutions according to the Federal Communications Commission's broadband data map. The number of grant rounds to be conducted is currently unknown. The GUMBO 2.0 program rules provide for a scoring system used to determine priority for recipients of grants.

Up to one percent of BEAD funds may be used for administrative costs; additionally, up to one percent of appropriated funds may be used to hire contractors to further administer the program. However, the Office of Broadband Development & Connectivity reports that the amount of BEAD funding that will be needed for administrative costs is currently unknown.

REVENUE EXPLANATION

Proposed law will allow for the incorporation of BEAD funds into GUMBO 2.0 program grants. The amount of LA's BEAD allocation will be announced June 30, 2023, but the IIJA guarantees a minimum allocation of \$100 M, and the Office of Broadband Development & Connectivity indicates the allocation may be as high as \$1 B.

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| <p><u>Senate</u></p> <p><input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}</p> <p><input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}</p> | <p><u>Dual Referral Rules</u></p> | <p><u>House</u></p> <p><input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}</p> <p><input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}</p> |
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Evan Brasseaux

Evan Brasseaux
 Interim Deputy Fiscal Officer