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HB 18-1116

FISCAL NOTE

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| Drafting Number: | LLS 18-0856 | Date: | January 22, 2018 |
| Prime Sponsors: | Rep. Rankin Sen. Moreno | Bill Status: | House Finance |
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Bill Topic: BROADBAND DEPLOYMENT BOARD APPLY FOR FEDERAL FUNDS

Summary of Fiscal Impact:

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|---|--|
| <input checked="" type="checkbox"/> State Revenue | <input type="checkbox"/> TABOR Refund |
| <input checked="" type="checkbox"/> State Expenditure | <input checked="" type="checkbox"/> Local Government |
| <input type="checkbox"/> State Transfer | <input type="checkbox"/> Statutory Public Entity |

The bill authorizes the Broadband Deployment Board to apply for and allocate federal rural broadband funding. It may increase state and local government revenue in future years, and creates a minimal state workload increase beginning in the current FY 2017-18.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: This fiscal note reflects the introduced bill, which was recommended by the Joint Budget Committee.

Summary of Legislation

The bill authorizes the Broadband Deployment Board in the Department of Regulatory Agencies (DORA) to apply for and allocate federal money to its approved projects. Under the bill, the board must petition the Federal Communications Commission (FCC) for a waiver from FCC rules, which currently prohibit a state entity from applying for federal broadband money. If the waiver is received, the state is immediately eligible for funding; without the waiver, the state can apply for funding through the auction.

Background

Broadband deployment grants. The Broadband Deployment Board in DORA administers "last-mile" broadband deployment grants to telecommunications providers from the TABOR-exempt Broadband Fund.

Connect America Fund Phase II Auction. The FCC's Connect America Fund Phase II Auction has \$1.98 billion available for nationwide broadband deployment over a ten-year period. If this bill passes, Colorado can apply for these funds, estimated at up to \$250 million for the state. New York State was successful in receiving a waiver. For more information on this topic, see the Joint Budget Committee staff briefing for DORA, under Issue: Rural Broadband, online here: http://leg.colorado.gov/sites/default/files/fy2018-19_regbrf.pdf.

State Revenue

If federal money is received, it will be a TABOR-exempt source of revenue deposited into the Broadband Fund, which is held by a third-party administrator and allocated by the board.

State Expenditures

The bill will minimally increase workload for the Broadband Deployment Board and the Public Utilities Commission (PUC) in DORA. The bill requires coordination between the board and the FCC and allows the PUC, by rule, to establish requirements that comply with FCC conditions. Most workload will fall to the board to apply for a waiver, determine grant recipients, and manage the grant process. It is expected that any legal services required can be accomplished within the existing legal budget. There may be a small amount of additional work by the fund's third-party administrator to assist the board in assuring consistency with potential FCC payments, but this is likely to be a negligible addition to workload for the third-party administrator which would not result in state costs.

Local Government and School District Impact

Certain local governments may receive new revenue from grants or property taxes, as discussed below.

Local government internet providers. Local governments that provide internet service (only the City of Longmont, currently) may see an increase in revenue and workload if they receive new grant funding. Local governments that do not act as internet service providers are not eligible for the new grant money under the bill.

Property tax collections. If grants available under this bill increase the construction of broadband facilities, property tax collections will increase in that jurisdiction. A portion of property taxes go toward the local share of school finance. Increases in property tax collections decrease the state share under the School Finance Act. Property tax impacts have not been estimated.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State and Local Government Contacts

Counties
Information Technology
Municipalities

Economic Development
Law
Regulatory Agencies

Governor
Local Affairs