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Fiscal Note

Drafting Number: LLS 21-0895 **Date:** April 29, 2021
Prime Sponsors: Rep. Kennedy; Baisley **Bill Status:** House Trans. & Local Govt.
 Sen. Bridges; Priola **Fiscal Analyst:** Matt Bishop | 303-866-4796
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Bill Topic: FUNDING FOR BROADBAND DEPLOYMENT

Summary of Fiscal Impact:

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

The bill creates the Colorado Broadband Office and grant programs in various departments to support broadband infrastructure development. It increases state expenditures on an ongoing basis, may increase state revenue, and increases local government revenue and expenditures in FY 2020-21 and FY 2021-22.

Appropriation Summary: For the current FY 2020-21, the bill includes appropriations of \$35.0 million to the Office of Information Technology, \$35.0 million to the Department of Regulatory Agencies, and \$5.0 million to the Department of Local Affairs. See the State Appropriations section for additional detail.

Fiscal Note Status: The fiscal note reflects the introduced bill.

Table 1
State Fiscal Impacts Under HB 21-1289

		Current Year FY 2020-21	Budget Year FY 2021-22	Out Year FY 2022-23
Revenue		-	-	-
Expenditures*	Cash Funds	\$75.0 million	-	-
	Total Expenditures	\$75.0 million	-	-
Transfers	General Fund	(\$75.0 million)	-	-
	Cash Funds	\$75.0 million	-	-
	Net Transfer	\$0	-	-
TABOR Refund		-	-	-

* Funds appropriated in FY 2020-21 may be spent through FY 2021-22.

Summary of Legislation

The bill creates the Colorado Broadband Office in statute and grant programs in various departments to support broadband infrastructure development, as detailed below.

Colorado Broadband Office. The bill codifies the Colorado Broadband Office in the Office of Information Technology (OIT) as a Type 1 entity to serve as the central broadband policy coordination body for the state. The Chief Information Officer is required to appoint a director, and the director may employ staff. The office is required to provide technical assistance to grant applicants, develop a statewide plan to encourage broadband access and usage, collect broadband data, update maps to measure broadband deployment progress, and coordinate with various stakeholders. The office is authorized to seek and expend gifts, grants, donations, and federal funds to carry out these functions.

Digital Inclusion Grant Program—OIT. The office will administer the Digital Inclusion Grant Program to increase broadband access, speeds, reliability, and affordability. The bill creates the Digital Inclusion Grant Program Fund, transfers \$35.0 million to the fund, and directs the office to award grants of up to \$20.0 million to one or more Indian tribes or nations for deploying infrastructure and devices, and up to \$15.0 million to one or more providers of telehealth services, beginning in FY 2020-21. The office is required to submit annual reports to the Governor, the Joint Budget Committee, and the Joint Technology Committee on the implementation of the grant program, with the first report due January 1, 2022.

Broadband Stimulus Grant Program—DORA. The bill creates the Broadband Stimulus Grant Program, to be administered by the Broadband Deployment Board in the Department of Regulatory Agencies (DORA). The bill also creates the Broadband Stimulus Account in the Broadband Administrative Fund, and transfers \$35.0 million to the account for the grant program, which supplements the board's existing broadband infrastructure grant program. The board is required to submit annual reports to the Governor, the Joint Budget Committee, and the Joint Technology Committee on the implementation of the grant program, with the first report due January 1, 2022.

Interconnectivity Grant Program—DOLA. The bill creates the Interconnectivity Grant Program in the Division of Local Government in the Department of Local Affairs (DOLA) to award funding to local governments for projects focused on regional broadband infrastructure needs. Any grant applications received by DOLA for broadband planning or infrastructure must be submitted to the Broadband Deployment Board for review and recommendation. The bill also creates the Interconnectivity Grant Program Fund and transfers \$5.0 million to the fund for the grant program. The division is required to submit annual reports to the Governor, the Joint Budget Committee, and the Joint Technology Committee on the implementation of the grant program, with the first report due January 1, 2022.

Connecting Colorado Students Grant Program. The bill also extends grant distribution and reporting deadlines for the Connecting Colorado Student Grant Program.

State Revenue

The bill allows the Colorado Broadband Office to seek expend gifts, grants, and donations, which are exempt from state TABOR limits. No gifts, grants, or donations have been identified as of writing.

State Transfers

The bill requires the following transfers from the General Fund in the current FY 2020-21:

- \$35.0 million to the Digital Inclusion Grant Fund in OIT;
- \$35.0 million to the Broadband Stimulus Account in the Broadband Administrative Fund in DORA; and
- \$5.0 million to the Interconnectivity Grant Program Fund in DOLA.

State Expenditures

Beginning in the current FY 2020-21, state expenditures will increase in the various agencies by the amounts transferred by the bill. Any unexpended funds on July 1, 2021 may be spent in FY 2021-22.

Office of Information Technology. Expenditures will increase in OIT to administer the Digital Inclusion Grant Program. The fiscal note assumes that administrative costs in FY 2020-21 and FY 2021-22 will be paid from the transfer to the cash fund, with the remaining funds used for grant awards. No additional expenditures are required for the Colorado Broadband Office. The office, which was established by executive order D 2012-037, is currently budgeted for 6.0 FTE. Any change to the office's administration will be addressed through the annual budget process.

Department of Regulatory Agencies. Expenditures will increase for the Broadband Deployment Board to award additional broadband infrastructure grants. The fiscal note assumes that any increase in administrative costs will be paid from the transfer to the cash fund, with the remaining funds used for grant awards.

Department of Local Affairs. Workload will increase in the Division of Local Government to administer the Interconnectivity Grant Program. The program will be implemented by existing staff who administer the Energy Mineral Impact Assistance Fund grant program.

Other state agencies. The bill directs OIT to consult agencies with broadband expertise in reviewing grant applications, including DOLA, DORA, and the Department of Transportation. To the extent that a state agency supports the Digital Inclusion Grant Program, workload will increase in that agency. Any such workload is expected to be minimal, and can be absorbed within existing appropriations.

Local Government

Revenue and expenditures will increase for any local government that receives funding pursuant to one of the grant programs.

Effective Date

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

State Appropriations

The bill includes the following appropriations for FY 2020-21, which are further appropriated through FY 2021-22:

- \$35.0 million from the Digital Inclusion Grant Program Fund to the Office of Information Technology;
- \$35.0 million from the Broadband Stimulus Account of the Broadband Administrative Fund to the Department of Regulatory Agencies; and
- \$5.0 million from the Interconnectivity Grant Program Fund to the Department of Local Affairs.

State and Local Government Contacts

Economic Development
Local Affairs
Treasury

Education
Regulatory Agencies

Information Technology
Transportation