



Legislative Council Staff

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Final Fiscal Note

Drafting Number: LLS 21-0591
Prime Sponsors: Sen. Donovan
Rep. Roberts

Date: August 25, 2021
Bill Status: Signed into Law
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Bill Topic: **EXPAND BROADBAND SERVICE**

Summary of Fiscal Impact:

- State Revenue
- State Expenditure
- State Transfer
- TABOR Refund
- Local Government
- Statutory Public Entity

The bill reduces spending on telehealth services and shifts this funding to a reimbursement program for broadband expenses. It delays some state expenditures beginning in FY 2021-22, but has no impact on net state expenditures over the next several years.

Appropriation Summary: No appropriation is required as this bill redirects funding included in HB 21-1289.

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

Table 1
State Fiscal Impacts Under SB 21-060

		Budget Year FY 2021-22	Out Year FY 2022-23
Revenue		-	-
Expenditures	Digital Inclusion Grant Program Fund	(\$304,160)	\$73,133
	Centrally Appropriated	\$14,432	\$23,443
	Total Expenditures	(\$289,728)	\$96,576
	Total FTE	0.6 FTE	1.0 FTE
Transfers		-	-
TABOR Refund		-	-

Summary of Legislation

The bill directs the Colorado Broadband Office (the office) in the Office of Information Technology (OIT) to contract with a nonprofit organization to create a reimbursement program to subsidize certain households for broadband service, based on household income and local broadband accessibility, or to provide another form of payment assistance, if the office and the nonprofit organization determine that a reimbursement program is not cost-effective. The office will determine reporting requirements for the nonprofit organization, and the office must submit an annual report beginning February 1, 2022, to the Governor, the Joint Budget Committee, and the Joint Technology Committee. The program repeals September 1, 2026.

The bill authorizes the office to use up to \$5.0 million from the Digital Grant Inclusion Program created by House Bill 21-1289 to implement the program that would otherwise be used for telehealth services. Of that, up to \$500,000 may be used to cover the direct and indirect administrative costs of the office and the nonprofit organization. If the office is unable to find a nonprofit organization to administer the program, the program will not be implemented and the funds will again be available for telehealth services.

Background

House Bill 21-1289 creates the Digital Grant Inclusion Program, among other things. It directs how federal stimulus money from the American Rescue Plan Act of 2021 is to be used, which includes \$15 million for providers of telehealth services.

State Expenditures

The bill decreases state expenditures in OIT by \$289,728 in FY 2021-22 and increases state expenditures by \$96,576 beginning in FY 2022-23 from the Digital Inclusion Grant Program Fund. There is no change in total state expenditures over the life of the reimbursement program. These costs are summarized in Table 2 and discussed below.

**Table 2
Expenditures Under SB 21-060**

Cost Components	FY 2021-22	FY 2022-23
Department of Regulatory Agencies		
Personal Services	\$41,873	\$71,783
Operating Expenses	\$810	\$1,350
Capital Outlay Costs	\$6,200	-
Nonprofit Contract	\$4,646,957	-
Telehealth Services	(\$5,000,000)	-
Centrally Appropriated Costs ¹	\$14,432	\$23,443
Total	(\$289,728)	\$96,576
Total FTE	0.6 FTE	1.0 FTE

¹ Centrally appropriated costs are not included in the bill's appropriation.

Office of Information Technology. The Colorado Broadband Office will develop, solicit, and execute a contract to implement the reimbursement program, and to write the annual reports, which requires 1.0 FTE. The fiscal note assumes a start date of December 1, 2021. Total costs of \$5.0 million are incurred through FY 2024-25.

Expenditures for telehealth services will decrease by \$5.0 million. Although this appropriation begins in the current FY 2020-21, the appropriation in House Bill 21-1289 continues in FY 2021-22 and the fiscal note assumes that this reduction takes place in the latter fiscal year.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are estimated to be \$14,432 in FY 2021-22 and \$23,443 in FY 2022-23.

Effective Date

This bill was signed into law by the Governor and took effect on June 27, 2021.

State and Local Government Contacts

Counties	Information Technology	Law
Local Affairs	Municipalities	Regulatory Agencies
Transportation		

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit: leg.colorado.gov/fiscalnotes.