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Revised Fiscal Note

(replaces fiscal note dated April 19, 2021)

Drafting Number: LLS 21-0591 Date: June 3, 2021
Prime Sponsors: Sen. Donovan Bill Status: Senate Second Reading
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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 creates a reimbursement program for broadband expenses. It transfers funds to a state cash fund and increases state expenditures on an ongoing basis.

Appropriation Summary: For FY 2021-22, the bill requires and includes an appropriation of \$298,883 to the Department of Regulatory Agencies.

Fiscal Note Status: The revised fiscal note reflects the introduced bill, as amended by the Senate Business, Labor, and Technology Committee and the Senate Appropriations Committee.

Table 1
State Fiscal Impacts Under SB 21-060

Table with 4 columns: Category, Description, Budget Year FY 2021-22, Out Year FY 2022-23. Rows include Revenue, Expenditures (Broadband Administrative Fund, Centrally Appropriated, Total Expenditures, Total FTE), Transfers (High Cost Support Mechanism, Broadband Administrative Fund, Net Transfer), and TABOR Refund.

## **Summary of Legislation**

The bill directs the Broadband Deployment Board (the board) in the Department of Regulatory Agencies (DORA) 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. The board will determine reporting requirements for the nonprofit organization. The Department of Transportation (CDOT) must submit maps of broadband infrastructure or excess capacity that could be leased for broadband deployment.

The bill authorizes the board to receive and use any federal COVID-19 funding designated for broadband deployment and repeals obsolete provisions.

## **Background**

**Broadband Deployment Board.** House Bill 14-1328 created the Broadband Deployment Board to award and administer grants from the Broadband Administrative Fund, which receives funding from the High Cost Support Mechanism (most recently pursuant to Senate Bill 18-002). Members of the board are appointed by the Governor and legislative leadership. The board received \$12.8 million from the HCSM in CY 2020. Additionally, up to nearly \$50 million may be awarded to broadband projects as part of the Governor's stimulus proposal, if approved, and additional federal stimulus funding for broadband deployment may become available.

**Colorado Broadband Map.** The OIT updates the Colorado Broadband Map twice annually. See: <https://broadband.co.gov/understanding-the-broadband-map> for more information.

## **State Transfers**

The bill requires transfers from the High Cost Support Mechanism to the Broadband Administrative Fund of \$313,315 in FY 2021-22 and \$346,576 in FY 2022-23. The transfer of these funds subjects them to the state TABOR limit.

## **State Expenditures**

The bill increases state expenditures in DORA by \$313,315 and 0.6 FTE in FY 2021-22 and \$346,576 and 1.0 FTE in FY 2022-23 from the Broadband Administrative Fund. The bill also increases workload in CDOT. These costs are summarized in Table 2 and discussed below.

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

<b>Cost Components</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>
<b>Department of Regulatory Agencies</b>		
Personal Services	\$41,873	\$71,783
Operating Expenses	\$810	\$1,350
Capital Outlay Costs	\$6,200	-
Nonprofit Contract	\$250,000	\$250,000
Centrally Appropriated Costs <sup>1</sup>	\$14,432	\$23,443
<b>Total</b>	<b>\$313,315</b>	<b>\$346,576</b>
<b>Total FTE</b>	<b>0.6 FTE</b>	<b>1.0 FTE</b>

<sup>1</sup> Centrally appropriated costs are not included in the bill's appropriation.

**Assumptions.** Based on the qualifications for the reimbursement program created by the bill, the fiscal note estimates that 260,000 households may be eligible. The staffing requirements below are based on a 65 percent take-up rate and five minutes per application review.

**Department of Regulatory Agencies.** The Broadband Deployment Board will develop, solicit, and execute a contract to implement the reimbursement program, which requires 1.0 FTE. The fiscal note assumes a start date of December 1, 2021.

In addition, the bill will increase federal funds expenditures to the extent that federal stimulus funds are received and designated for broadband deployment.

**Department of Transportation.** Workload will increase to submit maps to the Broadband Development Board. This workload can be accomplished with existing appropriations.

**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.

**TABOR refunds.** The bill increases state revenue subject to TABOR. For FY 2022-23, the March 2021 LCS forecast projects revenue to fall short of the TABOR limit by \$28.6 million, or 0.2 percent of the limit. If actual revenue exceeds the limit, the bill will increase the amount required to be refunded to taxpayers from the General Fund in FY 2023-24.

**Federal ARPA funds.** This bill increases state revenue, which may impact the state's flexibility in spending federal American Rescue Plan Act (ARPA) funds. For more information, see the LCS memo, titled "Legislative Changes and Flexibility in Use of American Rescue Plan Funds," available online at: <https://leg.colorado.gov/node/2211881>.

## **Effective Date**

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

## **State Appropriations**

For FY 2021-22, the bill requires and includes an appropriation of \$298,883 from the Broadband Administrative Fund to the Department of Regulatory Agencies and 0.6 FTE.

## **State and Local Government Contacts**

Counties

Local Affairs

Transportation

Information Technology

Municipalities

Law

Regulatory Agencies