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Final Fiscal Note

Drafting Number: LLS 24-0560 Date: July 9, 2024
Prime Sponsors: Rep. Mauro; Catlin Bill Status: Signed into Law
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Bill Topic: SUNSET REVIEW OF HIGH COST SUPPORT MECHANISM

Summary of Fiscal Impact: [X] State Revenue [] State Transfer [X] Local Government
[X] State Expenditure [] TABOR Refund [] Statutory Public Entity

Sunset bill. This bill continues the High Cost Support Mechanism in the Department of Regulatory Agencies, which is scheduled to repeal on September 1, 2024. State fiscal impacts under the bill include only the continuation of the program's current revenue and expenditures. The program is continued until September 1, 2026.

Appropriation Summary: No appropriation is required.

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

Table 1
State Fiscal Impacts Under HB 24-1234^1

Table with 4 columns: Category, Budget Year, Out Year, and values. Rows include New Impacts (Revenue, Expenditures), Continuing Impacts (Revenue, Expenditures), and Other Budget Impacts (TABOR Refund).

1 Table 1 shows the new impacts resulting from changes to the program under the bill, and the continuing impacts from extending the program beyond its current repeal date. Because the bill continues a program without making any changes, there are no new impacts. The continuing program impacts will end if the bill is not passed and the program is allowed to repeal.

Summary of Legislation

The bill continues the High Cost Support Mechanism (HCSM) in the Department of Regulatory Agencies (DORA), which is scheduled to repeal on September 1, 2024. The HCSM is located in the Public Utilities Commission (PUC) in DORA, which is scheduled to repeal on September 1, 2026, following a sunset review.

Background

The PUC provides financial assistance through the HCSM to support affordable and reliable telecommunication and broadband service in rural communities. This assistance is funded through a surcharge paid by telecommunications providers and allocated via the HCSM, a TABOR-exempt fund administered by the PUC. The PUC may also allocate funds from the HCSM to the Broadband Fund, for use by the Broadband Deployment Board in the Office of Information Technology (OIT). The board issues grants providing access to broadband services in unserved areas.

Continuing Program Impacts

Based on recent revenue and expenditures, DORA is expected to have revenue of \$17 million and expenditures of \$12 million for the HCSM program. If this bill is enacted, current revenue and expenditures will continue for the program starting in FY 2025-26. This continuing revenue is not subject to the state TABOR limit. If this bill is not enacted, the program will end on September 1, 2025, following a wind-down period, and state revenue and expenditures will decrease starting in FY 2025-26 by the amounts shown in Table 1, above.

Local Government

To the extent that a telecommunication provider that receives funding from the High Cost Support Mechanism is part of or owned by a local government, the bill will continue revenue and expenditures for that local government.

Effective Date

The bill was signed into law by the Governor on May 28, 2024, and takes effect on August 7, 2024, assuming no referendum petition is filed.

State and Local Government Contacts

Information Technology

Regulatory Agencies

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 the [General Assembly website](#).