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Revised Fiscal Note

(replaces fiscal note dated April 29, 2024)

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Prime Sponsors: Rep. Story; Garcia Bill Status: Senate Appropriations
Sen. Gonzales Fiscal Analyst: Jessika Shipley | 303-866-3528
jessika.shipley@coleg.gov

Bill Topic: FAIR LABOR PRACTICE REQUIREMENTS FOR BROADBAND PROJECTS

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

The bill requires the Colorado Broadband Office to establish labor standards for grantees and subgrantees on certain broadband deployment projects. The bill increases state expenditures beginning in FY 2024-25.

Appropriation Summary: For FY 2024-25, the bill requires an appropriation of \$366,547 to the Office of Information Technology.

Fiscal Note Status: This revised fiscal note reflects the reengrossed bill.

Table 1
State Fiscal Impacts Under HB 24-1245

Table with 4 columns: Category, Sub-category, Budget Year FY 2024-25, and Out Year FY 2025-26. Rows include Revenue, Expenditures (General Fund, Centrally Appropriated, Total Expenditures, Total FTE), Transfers, and Other Budget Impacts (General Fund Reserve).

Summary of Legislation

For the distribution of federal funds or state matching funds earmarked for broadband deployment projects, the Colorado Broadband Office (CBO) in the Governor’s Office of Information Technology (OIT) must establish labor standards for grantees and subgrantees within 91 days after the CBO receives approval from the National Telecommunications and Information Administration (NTIA). At a minimum, the standards must require grantees and subgrantees to pay their workers prevailing wage, utilize apprenticeships, employ a skilled and trained workforce, and utilize in-house workforce training.

Background

Under current law, the CBO is authorized to seek, apply for, accept, and expend money from the federal government for broadband deployment. To this end, OIT established the Broadband Equity, Access, and Deployment (BEAD) Program in accordance with requirements by the NTIA. The function of the BEAD Program is to manage over \$800 million in federal funds awarded to Colorado for broadband deployment projects. Part of the management involves developing and submitting detailed broadband deployment plans to the NTIA for approval, a multi-step, multi-year process. A final stage of NTIA approval is currently pending and is expected in March or April of 2024 for money to be distributed in the summer and fall of 2024.

State Expenditures

The bill increases General Fund expenditures in OIT by about \$435,000 in FY 2024-25 and by about \$385,000 per year thereafter. Expenditures are shown in Table 2 and explained below.

**Table 2
 Expenditures Under HB 24-1245**

	FY 2024-25	FY 2025-26
Information Technology		
Personal Services	\$312,697	\$312,697
Operating Expenses	\$3,840	\$3,840
Capital Outlay Costs	\$20,010	-
Software	\$30,000	-
Centrally Appropriated Costs ¹	\$66,823	\$66,823
FTE – Personal Services	3.0 FTE	3.0 FTE
Total Cost	\$433,370	\$383,360
Total FTE	3.0 FTE	3.0 FTE

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

Information Technology. The bill increases expenditures in OIT for staff to adopt rules and assess compliance with fair labor practices.

- **Staff.** In order to manage federal and state matching funds distributed on or after the effective date of the bill, the CBO requires 3.0 FTE: one senior broadband projects manager, a grant specialist, and a higher-level analyst to ensure compliance with rules for specified labor practices.
- **Software.** The CBO requires specialized grant management software that can be customized with fair labor requirements in the bill (\$30,000).

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 shown in Table 2.

Other Budget Impacts

General Fund reserve. Under current law, an amount equal to 15 percent of General Fund appropriations must be set aside in the General Fund statutory reserve. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve by the amounts shown in Table 1, decreasing the amount of General Fund available for other purposes.

Effective Date

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

State Appropriations

For FY 2024-25, the bill requires a General Fund appropriation of \$366,547 to the Office of Information Technology, and 3.0 FTE.

State and Local Government Contacts

Information Technology

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](#).