



Legislative Council Staff

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Revised Fiscal Note

(replaces fiscal note dated March 24, 2021)

Drafting Number: LLS 21-0591 Date: April 19, 2021
Prime Sponsors: Sen. Donovan Bill Status: Senate Appropriations
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Bill Topic: EXPAND BROADBAND SERVICE

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

The bill creates a reimbursement program for broadband expenses. It increases state expenditures on an ongoing basis.

Appropriation Summary: For FY 2021-22, the bill requires an appropriation of \$668,572 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.

Table 1
State Fiscal Impacts Under SB 21-060

Table with 4 columns: Category, Sub-category, Budget Year FY 2021-22, and 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 create a reimbursement program to subsidize certain households for broadband service, based on household income and local broadband accessibility. 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 \$765,085 in FY 2021-22 and \$575,631 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 \$765,085 and 4.8 FTE in FY 2021-22 and \$575,631 and 7.6 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	\$198,387	\$340,092
Operating Expenses	\$5,400	\$9,180
Capital Outlay Costs	\$43,400	-
Centrally Appropriated Costs <sup>1</sup>	\$81,433	\$131,952
FTE – Personal Services	4.0 FTE	6.8 FTE
<b>DORA Subtotal</b>	<b>\$328,620</b>	<b>\$481,224</b>
<b>Office of Information Technology (DORA)</b>		
Personal Services	\$78,247	\$78,247
Operating Expenses	\$1,080	\$1,080
Capital Outlay Costs	\$6,200	-
Contract Computer Programming	\$335,858	-
Centrally Appropriated Costs <sup>1</sup>	\$15,080	\$15,080
FTE – Personal Services	0.8 FTE	0.8 FTE
<b>OIT Subtotal</b>	<b>\$436,465</b>	<b>\$94,407</b>
<b>Total</b>	<b>\$765,085</b>	<b>\$575,631</b>
<b>Total FTE</b>	<b>4.8 FTE</b>	<b>7.6 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 and implement the reimbursement program. Evaluating applications and preparing materials for the board requires 6.8 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.

**Office of Information Technology.** The office will have computer programming costs to develop the application system, consisting of 3,682 hours of contractor labor. The OIT additionally requires 0.8 FTE for various staff, including a database analyst, a cloud engineer, a developer, and service desk support staffer, to maintain the database, process system updates, and respond to support calls.

**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 \$96,513 in FY 2021-22 and \$147,032 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.

## **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 an appropriation of \$668,572 from the Broadband Administrative Fund to the Department of Regulatory Agencies and 4.0 FTE. Of this, \$421,385 is reappropriated to the Office of Information Technology, which also requires 0.8 FTE.

## **State and Local Government Contacts**

Counties	Information Technology	Law
Local Affairs	Municipalities	Regulatory Agencies
Transportation		