

OFFICE OF FISCAL ANALYSIS

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sHB-6442

AN ACT CONCERNING EQUITABLE ACCESS TO BROADBAND.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 22 \$	FY 23 \$
Resources of the General Fund	GF - Revenue Gain	See Below	See Below
Various State Agencies	CC&PUCF - Revenue Gain	See Below	See Below
Public Utility Control, Dept.	CC&PUCF - Cost	1,589,720	1,637,400
Department of Energy and Environmental Protection	CC&PUCF - Cost	506,500	521,700
Policy & Mgmt., Off.	CC&PUCF - Cost	469,400	381,500
Consumer Counsel	CC&PUCF - Cost	352,800	363,400

Note: CC&PUCF=Consumer Counsel and Public Utility Control Fund; GF=General Fund

Municipal Impact:

Municipalities	Effect	FY 22 \$	FY 23 \$
Various Municipalities	See Below	See Below	See Below

Explanation

The bill establishes several requirements related to the regulation and development of broadband and results in a cost of approximately \$2.9 million in FY 22 and FY 23 to the Office of Policy and Management (OPM), the Public Utilities Regulatory Authority (PURA), the Department of Energy and Environmental Protection (DEEP), and the Office of Consumer Counsel (OCC). The bill also results in a corresponding revenue gain by requiring that certain broadband companies pay assessments to the Consumer Counsel and Public Utility Control Fund to offset costs.

The bill includes broadband service companies under the regulation of the PURA. Regulating broadband companies will require PURA to hire 10 additional staff related to caseload increases, broadband research, and technical analysis. The total estimated salaries and fringe benefit costs of the additional staff is an estimated \$1,589,720 in FY 22 and \$1,637,400 in FY 23.¹

To fulfill the requirements under Section 2 of the bill, DEEP will need to hire 3 additional staff members for policy development and the creation of a service metric related to broadband at a total cost of \$506,500 in FY 22 and \$521,700 in FY 23. Similarly, it is anticipated that the Office of Consumer Counsel will need to hire 2 staff members for consumer advocacy and caseload increases for broadband related PURA proceedings.

Section 3 requires the Office of Policy and Management to develop maps of broadband availability and upload and download speeds across the state, resulting in a cost of \$469,399 in FY 22 and \$381,452 in FY 23 for consulting costs related to the development of broadband maps.

Section 7 allows municipalities to use LoCIP funding for the construction of a high-speed municipal broadband network. To the extent that municipalities use their LoCIP funding for this purpose, this at least partially offsets the cost to a municipality for the construction of such a network.

Section 12 of the bill includes broadband companies with annual gross revenue of at least \$100,000 to pay assessments to the PUC fund to defray the costs resulting from the bill. There is a corresponding equivalent revenue gain to the PUC fund, as determined by assessments levied on such companies by PURA.

¹ The fringe benefit costs for employees funded out of other appropriated funds are budgeted within the fringe benefit account of those funds, as opposed to the fringe benefit accounts within the Office of the State Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes for other appropriated fund employees is 95.57% of payroll in FY 22 and FY 23.

To the extent that the regulation of broadband companies results in civil penalties levied by PURA, there is a corresponding revenue gain to the General Fund equal to the amount in fines paid.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.