



Legislative
Council Staff

Nonpartisan Services for Colorado's Legislature

FISCAL NOTE

Drafting Number: LLS 20-0288	Date: February 5, 2020
Prime Sponsors: Rep. McCluskie; Soper Sen. Donovan	Bill Status: House Business
	Fiscal Analyst: Katie Ruedebusch 303-866-3001 Katie.Ruedebusch@state.co.us

Bill Topic: **BROADBAND GRANT CERT OF UNSERVED AREA REQUIREMENT**

Summary of Fiscal Impact:

<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input checked="" type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill makes changes to the Broadband Deployment Board's application for grant funding and how the board assesses those applications. The bill increases state and local government expenditures and workload on an ongoing basis.

Appropriation Summary: In FY 2020-21, the bill requires an appropriation of \$5,294 to the Department of Regulatory Agencies.

Fiscal Note Status: The fiscal note reflects the introduced bill.

Table 1
State Fiscal Impacts Under HB 20-1137

		FY 2020-21	FY 2021-22
Revenue		-	-
Expenditures	Cash Funds	\$5,294	\$5,776
	Centrally Appropriated	\$1,977	\$2,067
	Total	\$7,271	\$7,843
	Total FTE	0.1 FTE	0.1 FTE
Transfers		-	-
TABOR Refund		-	-

Summary of Legislation

The bill requires broadband grant applicants to submit a written certification with their application from a local entity that the area is an under served area. In order to provide a written certification, a local entity must provide public notice and hold a hearing on the issue, as well as collect, solicit, and review any quantitative data regarding broadband service in the area. The Broadband Deployment Board (board) in the Department of Regulatory Agencies (DORA) must give substantial weight to a local entity's written certification. The board may only reject a local entity's written certification if at least 10 of the board's members determine that proposed area is not an under served area.

Background

The 16-member board provides direction and oversight to ensure the goal of “universal access” by awarding grants for broadband development in under served areas of Colorado. Grants may only be awarded in areas where there is no competition for basic broadband services, as determined by the Public Utilities Commission. Grants cover up to 75 percent of project infrastructure costs and applicants must demonstrate that their projects represent new broadband deployment, including “last mile” service, and meet additional requirements. Grants may only be awarded to for-profit entities; except that a nonprofit telephone cooperative or a nonprofit rural electric association that existed on May 10, 2014, is also eligible. Under current law, applicants must also submit their application to certain local governments along with submitting their application to the board. Board expenses are paid out of the Broadband Administrative Fund.

State Expenditures

The bill increases state cash fund expenditures for the board in DORA by \$7,271 and 0.1 FTE in FY 2020-21 and \$7,843 and 0.1 FTE in FY 2021-22 and future years. These costs are shown in Table 2 and discussed below.

Table 2
Expenditures Under HB 20-1137

	FY 2020-21	FY 2021-22
Department of Regulatory Agencies		
Personal Services	\$5,294	\$5,776
Centrally Appropriated Costs*	\$1,977	\$2,067
Total Cost	\$7,271	\$7,843
Total FTE	0.1 FTE	0.1 FTE

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

Department of Regulatory Agencies. The bill will increase expenditures for the board to develop new methodologies and to determine a consistent and demonstrable application of the bill's requirements. In addition, the bill will increase the amount of time and research related to each applications for a broadband grants. For informational purposes, the board receive approximately 40 applications per broadband application cycle. First year costs have been prorated to reflect the August effective date.

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 \$1,977 in FY 2020-21 and \$2,067 in FY 2021-22.

Local Government and Special Districts

The bill will increase expenditures and workload for local governments and special districts to process and approve written certifications for applicants, as well as hold a public meeting related to broadband grant applicants. In addition, local government expenditures and workload will increase to collect, solicit, and review any relevant data concerning the unserved nature of the area seeking the broadband grant. These impacts will vary and have not been estimated.

Effective Date

The bill takes effect August 5, 2020, if the General Assembly adjourns on May 6, 2020, as scheduled, and no referendum petition is filed. The bill applies to applications submitted on or after the bill's effective date.

State Appropriations

In FY 2020-21, the bill requires a cash fund appropriation of \$5,294 and 0.1 FTE to the Department of Regulatory Agencies from the Broadband Administrative Fund.

State and Local Government Contacts

Counties
Regulatory Agencies

Municipalities
Special Districts