



## Legislative Council Staff

*Nonpartisan Services for Colorado's Legislature*

# Revised Fiscal Note

(replaces fiscal note dated March 1, 2021 )

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<b>Drafting Number:</b>	LLS 21-0412	<b>Date:</b>	March 26, 2021
<b>Prime Sponsors:</b>	Rep. Titone; Soper Sen. Bridges	<b>Bill Status:</b>	Senate Business
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**Bill Topic:** **BROADBAND BOARD CHANGES TO EXPAND BROADBAND SERVICE**

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**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

This bill modifies the membership and duties of the Broadband Deployment Board. Beginning in FY 2021-22, it will minimally impact state expenditures and conditionally increase local government expenditures.

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**Appropriation Summary:** No appropriation is required.

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

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## Summary of Legislation

This bill modifies the membership and duties of the Broadband Deployment Board in the Department of Regulatory Agencies.

**Board membership.** Effective September 1, 2021, the bill reduces membership on the Broadband Deployment Board from 16 to 11 members to include: one member from the Office of Information Technology (OIT); three members representing local entities; five members representing the broadband industry; and two members representing the public.

**Broadband grants to critically unserved areas.** The bill directs the Broadband Deployment Board to establish an annual Request for Proposals (RFP) process to address critically unserved areas of the state, as identified by the OIT, and to award up to 60 percent of grant funding to proposals serving these areas. Federal funding must also be distributed through the RFP process if it meets federal requirements for the use of the funds. Any funding not awarded through the RFP process remains available for distribution through the existing grant application process. The RFP requirement is repealed January 1, 2025.

"Critically unserved" is defined as a household or area that lacks access to at least one non-satellite provider of broadband service delivered at measurable speeds of either at least ten megabits per second downstream and one megabit per second upstream or at measurable speeds at least equal to one-half of the minimum measurable speeds that qualify as broadband under the FCC definition and rounded up to the nearest whole number, whichever is faster.

The bill also directs the board to:

- require applicants to submit either written certification from a local entity that an area is unserved or a statistically representative number of speed tests;
- give additional consideration to proposals that provide discounts for low-income households;
- contractually require annual reporting from grant recipients on speeds, rates, and service areas;
- require grant recipients to provide third-party certification that the project meets the speeds, rates, and services set forth in the original application;
- require applicants to submit certain granular mapping data, which the bill makes exempt from the Colorado Open Records Act; and
- allow for less matching funds from an applicant if they meet all the requirements and have the highest amount of proposed matching funds among competing proposals for that area.

## 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 (HCSM) 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 Expenditures

Beginning in FY 2021-22, the bill will have a neutral impact on workload and minimally decrease expenditures in the Department of Regulatory Agencies. Additionally, the OIT will have a minimal workload increase.

**Broadband Deployment Board.** The bill's provisions primarily streamline the broadband grant cycle, allowing the additional considerations for the board contained in the bill to be accomplished within the normal course of business. Reducing the number of board members will minimally reduce expenditures for per diem and necessary expense reimbursements.

**Office of Information Technology.** The OIT will continue to incorporate data received from broadband providers into its broadband map. No change in appropriations is required.

## Local Government

Changing the criteria for Broadband Deployment Board grants may result in additional revenue to local government internet providers in unserved areas that apply for and receive grants.

## Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature, and applies to grant applications filed on or after this date; except that Section 4 takes effect August 31, 2021.

## State and Local Government Contacts

Information Technology

Law

Regulatory Agencies