



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Revised Fiscal Note

(replaces fiscal note dated March 19, 2024)

Table with 2 columns: Field (Drafting Number, Prime Sponsors, Date, Bill Status, Fiscal Analyst) and Value (LLS 24-0323, Rep. Story, Sen. Gonzales, April 29, 2024, House Appropriations, Jessika Shipley | 303-866-3528, jessika.shipley@coleg.gov)

Bill Topic: FAIR LABOR PRACTICE REQUIREMENTS FOR BROADBAND PROJECTS

Table with 2 columns: Summary of Fiscal Impact and Options (State Revenue, State Expenditure, State Transfer, TABOR Refund, Local Government, Statutory Public Entity)

The bill requires the Colorado Broadband Office to ensure that that workers on certain broadband deployment projects are paid prevailing wages, and it creates new reporting requirements for 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 \$400,730 to the Office of Information Technology.

Fiscal Note Status: This revised fiscal note reflects the introduced bill, as amended in the House Business Affairs and Labor Committee.

Table 1
State Fiscal Impacts Under HB 24-1245

Table with 4 columns: Category, Sub-category, Budget Year FY 2024-25, 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 costing over \$500,000 in Colorado, the Colorado Broadband Office (CBO) in the Governor's Office of Information Technology (OIT) must ensure that workers on the project are paid the prevailing wage as defined in state law. The bill also requires reporting as to certain labor practices by broadband deployment projects receiving funding through the CBO.

## 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 National Telecommunications and Information Administration (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.

## Assumptions

As none of the over \$800 million in federal funds awarded to Colorado has yet been distributed, the fiscal note assumes that pending broadband deployment plans will need to be revised and resubmitted to the NTIA to include the requirements of the bill, resulting in at least a 12-month delay for affected deployment plans to go into effect.

## State Expenditures

The bill increases General Fund expenditures in OIT by about \$450,000 in FY 2024-25 and by about \$260,000 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
<b>Information Technology</b>		
Personal Services	\$214,430	\$214,430
Operating Expenses	\$2,560	\$2,560
Capital Outlay Costs	\$13,340	-
Contractor	\$140,400	-
Software	\$30,000	-
Centrally Appropriated Costs <sup>1</sup>	\$45,108	\$45,108
FTE – Personal Services	2.0 FTE	2.0 FTE
<b>Total Cost</b>	<b>\$445,838</b>	<b>\$262,098</b>
<b>Total FTE</b>	<b>2.0 FTE</b>	<b>2.0 FTE</b>

<sup>1</sup> Centrally appropriated costs are not included in the bill's appropriation.

**Information Technology.** The bill increases expenditures in OIT for staff to assess prevailing wage compliance and to resubmit plans to the NTIA.

- **Staff.** In order to manage federal and state matching funds distributed on or after the effective date of the bill, the CBO requires 2.0 FTE, one senior broadband projects manager and a grant specialist to create new evaluation metrics required by the bill, assist in developing and submitting plans to the NTIA, and ensuring ongoing compliance with prevailing wage requirements
- **Other costs.** Other costs associated with the bill include one-time contract assistance for six months to revise and resubmit detailed deployment plans to the NTIA to include the requirements of the bill (\$140,400) and specialized grant management software that can be customized with prevailing wage 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 \$400,730 to the Office of Information Technology, and 2.0 FTE.

## **State and Local Government Contacts**

Information Technology

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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](#).