



**Colorado
Legislative
Council
Staff**

SB16-136

**FINAL
FISCAL NOTE**

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 16-0382
Prime Sponsor(s): Sen. Donovan

Date: September 21, 2016
Bill Status: Postponed Indefinitely
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BILL TOPIC: BROADBAND DEPLOYMENT

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018
State Revenue		
State Expenditures	Cost and workload increase.	
Appropriation Required: None.		
Future Year Impacts: Ongoing costs and workload increase.		

NOTE: This bill was not enacted into law; therefore, the impacts identified in this analysis do not take effect.

Summary of Legislation

This bill makes a number of changes to the current process for deploying broadband services in unserved areas of the state. Specifically, it:

- allows local governments to evaluate the need for providing broadband services without first putting the matter to the voters;
- outlines requirements for referring a ballot measure regarding the provision of broadband services by a local government, including public notice requirements;
- modifies the exemption from seeking voter approval to include those local governments with an area that constitutes an unserved area;
- expands the activities in which a local government may engage without first seeking voter approval to include leasing space or capacity to a local provider, entering into a joint trenching agreement in a nondiscriminatory and neutral manner, and purchasing, leasing, constructing, maintaining, or operating middle-mile transport facilities;
- modifies the process by which the Public Utilities Commission (PUC) makes an effective competition determination for the distribution of funds from the High Cost Support Mechanism (HCSM);
- requires the PUC to maintain a reasonable reserve of money in the HCSM;
- changes the Broadband Fund to the Broadband Support Mechanism (BSM) for the purpose of awarding grants to broadband deployment projects in the unserved areas of the state;

- creates the Broadband Administration Fund, into which the General Assembly may appropriate money to reimburse the Broadband Deployment Board (board) for expenses incurred in the administration of the BSM;
- requires the board to contract with a third party to award and administer the grant process; and
- requires the executive director of the Department of Local Affairs (DOLA) and the Chief Information Security Officer in the Governor's Office of Information Technology (OIT) to report to the board on a quarterly basis to ensure that state funding of broadband deployment projects is not duplicated.

Background

The PUC provides financial assistance to telecommunications companies that provide basic telephone or broadband service in areas that lack effective competition by assessing a surcharge on all telecommunications companies in the state, and allocating those contributions to the HCSM. A portion of the HCSM is transferred to the Broadband Fund, which is administered by the board. The board awards grants for projects aimed at deploying broadband service in unserved areas of the state.

State Expenditures

This bill will increase workloads for DOLA, OIT, and the PUC, by a minimal amount beginning in FY 2016-17. Among other things, the bill changes fund management and grant processes in the PUC. DOLA and OIT will have additional reporting requirements. The increases in workload can be accomplished within existing appropriations. Additionally, there will be a cost to hire third-party contractors to award and administer the broadband deployment grants, but this cost is unknown at this time. The fiscal note will be updated if more information becomes available.

Local Government Impact

Local governments that qualify for and choose to pursue broadband deployment under the bill will face increased costs associated with new administrative, legal, and notice requirements. In some instances, matters that currently require voter approval will no longer require such approval and this may expedite matters and reduce costs. None of the costs can be estimated at this time because they will be based on choices made by local governments, which cannot be predicted.

Effective Date

The bill was postponed indefinitely by the Senate State, Veterans, and Military Affairs Committee on March 16, 2016.

State and Local Government Contacts

Counties
Municipalities

Information Technology
Regulatory Agencies

Local Affairs
Treasury