

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2258-01  
Bill No.: HB 1162  
Subject: Department of Economic Development; Internet and E-Mail  
Type: Original  
Date: March 11, 2019

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Bill Summary: This proposal specifies that the Department of Economic Development shall maintain all funds obtained under the Broadband Internet Grant Program.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
General Revenue	\$0 or (Unknown) to Unknown	\$0 or (Unknown) to Unknown	\$0 or (Unknown) to Unknown
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0 or (Unknown) to Unknown</b>	<b>\$0 or (Unknown) to Unknown</b>	<b>\$0 or (Unknown) to Unknown</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

**Oversight** noted a request for fiscal impact was sent to the Department of Economic Development on February 28, 2019 and was due back to Oversight by March 8, 2019. Oversight received a “no impact” response on March 11, 2019.

Officials at the **Office of Administration Division of Budget and Planning (B&P)** assume this has no direct fiscal impact on B&P, no direct impact on General and Total State Revenue and no impact on the calculation pursuant to Article X, Section 18(e).

**Oversight** notes that HB 1456 (2018) created the Rural Broadband Grant Program, which allows the General Assembly to appropriate money to the Department of Economic Development to distribute as grants to unserved and underserved areas in the state in regards to internet service. The program limited any one grant to no more than \$5 million but did not place a cap on the number of grants or amount that could be issued through this program.

**Oversight** in the HB 1456 fiscal note stated the following:

“**Oversight** notes that §620.2456.3 limits the amount of grants to a single program to no more than \$5,000,000. There is no cap on this program; however, according to the summary, the bill is based on a successful rural broadband expansion program in Minnesota. Oversight does not know how Missouri’s broadband status compares to that of Minnesota. However, according to the Minnesota Employment and Economic Development website, the Minnesota Border-to-Border Broadband Development Grant Program had the following project awards over the past four years:

FY 2014	\$18,775,972;
FY 2015	\$11,008,366;
FY 2016	\$29,040,894; and
FY 2017	\$26,475,556

The four year average of grants in Minnesota is \$21,325,197.

Without an annual program limit, Oversight will range the fiscal impact from the cumulative limit to a single project (\$5,000,000) to the experience of a similar program in Minnesota.”

Officials at the **Department of Economic Development** assume there is no fiscal impact from this proposal.

ASSUMPTION (continued)

The current Governor FY 2020 budget recommends funding of \$5 million. **Oversight** notes this proposal requires “the department shall maintain all moneys received from any governmental entity”. Oversight is unsure of the impact this bill would have on the new program. It appears that DED may be able to keep the \$5 million and not distribute through the grant program as HB 1456 established; however, with Oversight’s uncertainty of the impact of the bill, we will reflect a zero or an unknown (positive or negative) impact to the General Revenue Fund.

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
<b>GENERAL REVENUE</b>			
<u>Cost</u> - appropriation to DED instead of to the grant program	\$0 or (Unknown) to <u>Unknown</u>	\$0 or (Unknown) to <u>Unknown</u>	\$0 or (Unknown) to <u>Unknown</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b>\$0 or (Unknown) to <u>Unknown</u></b>	<b>\$0 or (Unknown) to <u>Unknown</u></b>	<b>\$0 or (Unknown) to <u>Unknown</u></b>
<u>FISCAL IMPACT - Local Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This bill requires the Department of Economic Development to maintain funds received from any governmental entity for the purposes of providing, maintaining, and expanding rural broadband in the state of Missouri.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

#### SOURCES OF INFORMATION

Department of Economic Development  
Office of Administration Division of Budget and Planning



Kyle Rieman  
Director  
March 11, 2019

Ross Strope  
Assistant Director  
March 11, 2019