

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5116H.02I
Bill No.: HB 2638
Subject: Internet and E-Mail; Utilities; Boards, Commissions, Committees, and Councils
Type: Original
Date: March 9, 2022

Bill Summary: This proposal establishes the Broadband Development Council.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
General Revenue Fund	(\$398,004)	(\$434,854)	(\$442,019)
Total Estimated Net Effect on General Revenue	(\$398,004)	(\$434,854)	(\$442,019)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Broadband Development Fund*	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

*For simplicity, **Oversight** assumes all funds within the Broadband Development Fund will be used within the year they are received.

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
General Revenue Fund – OA- ITSD FTE	2 FTE	2 FTE	2 FTE
General Revenue Fund – DED FTE	1 FTE	1 FTE	1 FTE
Total Estimated Net Effect on FTE	3 FTE	3 FTE	3 FTE

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

☐ Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Economic Development (DED)** assume the proposal creates a new Broadband Development Council. Section 1.512.2 delegates to the DED's Office of Broadband Development the responsibility to provide administrative, personnel, and technical support to the council. The Department anticipates the need for an additional 1 FTE to assist with research, policy analysis, program development and initiatives which include all priorities undertaken by the council.

Oversight does not have any information to the contrary. Therefore, **Oversight** will reflect DED's FTE impact in the fiscal note.

Officials from the **Office of Administration (OA)** note:

Purchasing additional components adds capacity to our existing infrastructure. This requires new applications and business workflow development in order to meet the requirements. The system must support both internal and external customers with an online map, and spatial data analysis tools featuring broadband capacity, which will change constantly. There are multiple types and levels of stakeholders participating in the process, with varying levels of technical involvement and proficiency. There will be ongoing support needed to maintain the GIS environment, and to answer technical questions from these stakeholders. The majority of this work is based on the GIS infrastructure, using GIS expertise from the Office of Geospatial Information to create this. Additional staff resources are required, we do not have the capacity to absorb this work with current staffing.

Annual salary with fringe benefits, equipment and employee related expenses for two (2) FTE GIS Specialists positions, plus 8 hours for OA-ITSD to gather data for the annual report are estimated at \$320,008 for FY2023, \$352,473 for FY2024, and \$358,286 for FY2025.

Included in OA-ITSD's estimate for equipment expense are:

ArcGIS Hub Premium	\$100,000
Expand GIS server license	\$18,000
ArcGIS Desktop Software	\$24,000
Training ArcGIS Software	\$15,000

OA assumes that these costs cannot be absorbed by current budget authority or FTE authority.

Oversight notes the OA-ITSD, as part of the consolidated State services supplying necessary software and ITSD services for DED, would be required to apply all necessary changes and broadening the scope of a geospatial and mapping capabilities as specified in Section(s) 1.152.7 (1) thru (4).

Oversight notes the officials from the OA-ITSD assume the proposal will have a direct fiscal impact on their respective organization. Oversight does not have any information to the contrary. Therefore, **Oversight** will reflect OA-ITSD's FTE impact in the fiscal note.

Lastly, Oversight notes the proposal requires **Office of the State Treasurer (STO)** to form and maintain Broadband Development Fund for the purpose of receiving of various appropriation from general assembly, donations, investments, gifts, etc. as stated in Section 1.512 6.

Oversight notes that the funds, donations, gifts, etc., could potentially reach more than \$250,000.

Oversight notes the Fund would allow for transfers and expenditures applied annually. **Oversight** assumes, for simplicity, that all of the funds will be used within the year they are received and net to the zero at the end of the each fiscal period.

Officials from the **Office of the Governor**, the **Office of the State Treasurer**, the **Department of Elementary and Secondary Education**, the **Department of Higher Education and Workforce Development**, **Missouri Senate**, and the **Missouri House of Representatives** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, **Oversight** will reflect a zero impact in the fiscal note for these state agencies.

Officials from the **City of Claycomo**, the **City of Hughesville**, the **City of Kansas City**, the **City of O'Fallon**, the **City of Springfield**, the **Hughesville Water & Wastewater District**, the **Metropolitan Saint Louis Sewer District**, the **Morgan County Pws District**, the **South River Drainage District**, the **Saint Charles County Pws District**, and the **Hancock Street Light District** each the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, **Oversight** will reflect a zero impact in the fiscal note for these entities.

Rule Promulgation:

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

In response to the previous version of the bill, officials from the **Office of the Secretary of State (SOS)** assumed that many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with its core

budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumed SOS is provided with core funding to handle a certain amount of activity each year. Oversight assumes SOS could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs.

BB:LR:OD

<u>Revenue Gain</u> – Section 1.512 6. donations, investments, grants, etc.	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Cost</u> – DED – Section 1.512.2 - FTE needed to support Broadband Development Office (p.3)			
Salaries	(\$38,798)	(\$47,488)	(\$48,438)
Fringe Benefits	(\$25,336)	(\$30,715)	(\$31,033)
Equipment & Expense	(\$13,862)	(\$4,178)	(\$4,261)
<u>Total Cost</u> – DED	<u>(\$77,996)</u>	<u>(\$82,381)</u>	<u>(\$83,733)</u>
FTE Change – DED	1 FTE	1 FTE	1 FTE
<u>Cost</u> – OA ITSD – Section 1.512 7 (1) thru (4). FTE needed to support Broadband Development Office with Geo-mapping capabilities (p.3)			
Salaries	(\$100,000)	(\$121,200)	(\$122,412)
Fringe Benefits	(\$52,410)	(\$63,291)	(\$63,693)
Equipment & Expense	(\$167,598)	(\$167,982)	(\$172,181)
<u>Total Cost</u> – OA	<u>(\$320,008)</u>	<u>(\$352,473)</u>	<u>(\$358,286)</u>
FTE Change – OA	2 FTE	2FTE	2 FTE
<u>Cost</u> – for Broadband Development Fund expenses Section 30.170-30.180	\$0 to (Unknown)	\$0 to (Unknown)	\$0 to (Unknown)
NET ESTIMATED EFFECT ON THE BROADBAND DEVELOPMENT FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT</u> – Local Government	FY 2023 (10 Mo.)	FY 2024	FY 2025
	<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 establishes the "Broadband Development Council" consisting of 29 members including members from certain state agencies, members of the general public representing certain

classifications of broadband users, and three members each from the Senate appointed by the President Pro Tem and the House of Representatives appointed by the Speaker. The public members of the Council will be appointed by the Governor and serve terms as specified in the bill.

The responsibilities of the Council are specified in the bill and include exploring ways to expand access to broadband services; the potential for increased use of broadband for education, career readiness, workforce preparation and alternative career training; ways to encourage state and municipal agencies to expand service to better serve the public through the use of streaming, voice over Internet protocol, teleconferencing, and wireless networking. The Council shall make recommendations to the General Assembly regarding strategies to make broadband available to certain communities and statutory changes needed to enhance broadband access in the state. The Council must submit a report to the General Assembly and the Governor on or before January 1 of each year summarizing the actions of the Council the previous year. The bill specifies the powers of the Council.

The Council must establish a mapping of broadband services in the state based on analysis of data, demand, and other relevant information and publish an interactive public map that provides certain information based on information received by the Council from specified data sources. Any entity that receives state or federal funds to install infrastructure for broadband services must provide information to the Council concerning the location, type and extent of the infrastructure.

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

Office of Administration
Department of Economic Development
Office of the Governor
Office of the State Treasurer
Department of Elementary and Secondary Education
Department of Higher Education and Workforce Development
Missouri Senate
Missouri House of Representatives
Office of the Secretary of State
Joint Committee on Administrative Rules
City of Claycomo
City of Hughesville
City of Kansas City
City of O'Fallon
City of Springfield
Hughesville Water & Wastewater District

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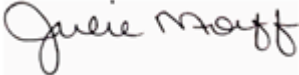
Metropolitan Saint Louis Sewer District

Morgan County Pws District

South River Drainage District

Saint Charles County Pws District


Hancock Street Light District

A handwritten signature in cursive script, reading "Julie Morff", written in black ink on a light-colored background.

Julie Morff

Director

March 9, 2022

A handwritten signature in cursive script, reading "Ross Strobe", written in black ink on a light-colored background.

Ross Strobe

Assistant Director

March 9, 2022