

OMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5116H.04P
Bill No.: Perfected HCS for HB 2638
Subject: Internet and E-Mail; Utilities; Boards, Commissions, Committees, and Councils
Type: Original
Date: April 27, 2022

Bill Summary: This proposal modifies and establishes provisions relating to broadband services.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2023	FY 2024	FY 2025
General Revenue Fund	Could exceed (\$398,004)	Could Exceed (\$4,060,791) to (\$5,873,760)	Could Exceed (\$848,019) to (\$1,051,019)
Total Estimated Net Effect on General Revenue	Could exceed (\$398,004)	Could Exceed (\$4,060,791) to (\$5,873,760)	Could Exceed (\$848,019) to (\$1,051,019)

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

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
Broadband Development Fund – OA- ITSD FTE	2 FTE	2 FTE	2 FTE
Broadband Development 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 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.

In response to the previous version of the bill, officials from the **Office of Administration (OA)** assumed that under Section 1.512. 6. (1) – (4), in regards to an interactive maps of broadband services and infrastructure, purchasing additional components adds capacity to their 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, they 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) 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 notes that these costs cannot be absorbed by current budget authority, or FTE authority.

Oversight notes the Sections 1.512 creates the Broadband Development Council consisting of:

- Director of Economic Development
- Chief Information Officer within the OA

- Commissioner of Higher Education
- Commissioner from DESE
- Three Senators
- Three House Representatives
- Two members representing providers of Broadband technology
- One member from each congressional district representing residential users
- One member from each congressional district representing business users

Oversight notes 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.

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) 1.512. 6. (1) – (4).

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

Oversight notes the Section 1.513 authorizes Attorney General to seek the deposit of federal funds designated for broadband deployment in Missouri from broadband providers who default or otherwise fail to complete deployment as agreed upon with the federal government.

Officials from the **Office of Administration – Budget & Planning** note:

To the extent that any federal funds are recaptured by providers who fail to complete deployment and are deposited into a state fund, TSR may increase by an unknown amount.

Oversight notes such funds, collected from providers who default, shall be deposited into the Missouri Broadband Development Fund, therefore, Oversight will reflect zero to Unknown positive amount of funds being collected under this Section in the fiscal note.

In response to the previous version of the bill, officials from the **Attorney General's Office (AGO)** assumed they are not currently participating in this function, but will be able to absorb the costs associated with this Section.

Oversight assumes AGO is provided with core funding to handle a certain amount of activity each year. Oversight assumes AGO could absorb the costs related to this proposal. If multiple

bills pass which require additional staffing and duties at substantial costs, AGO could request funding through the appropriation process and for purpose of this fiscal note **Oversight** will reflect a zero impact in the fiscal note for the AGO.

Oversight notes the Section 8.055 requires high speed internet of adequate bandwidth to be provided to the public in the capitol building.

Oversight assumes this proposal requires unified high speed Wi-Fi Internet access with adequate bandwidth and connectivity to accommodate users in the Capitol building and grounds.

In response to a similar proposal (HB 2817), officials from the **Office of Administration (OA)** assumed a cost of \$5,438,906 to implement the requirements of this proposal. OA states that the capitol construction materials do not allow wifi signals to penetrate easily which may require more Access Points (AP). The capitol is a historic building and running cable may be more expensive. Due to running cable in a historic building, OA's assumptions on outside/grounds may not be inclusive enough. Listed below is a breakdown of OA's estimated cost (Oversight assumes one-time costs will occur in FY 2024 and ongoing costs will occur annually starting in FY 2025). A 50% buffer of \$570,979 has been included in the Interior Access Points total to cover any unknowns.

Oversight notes the cost breakdown as follow:

	FY 2024	FY 2025
Interior Access Points	\$1,712,937	\$0
9800-40 WLC	\$20,000	\$0
Wireless lan Controller Maintenance – yearly	\$20,000	\$20,000
core switch in Capitol	\$50,000	\$0
firewalls - 2x Cisco 4112 + licensing - list price - onetime cost	\$800,000	\$0
firewalls - yearly maintenance cost	\$300,000	\$300,000
Internet connection – annual cost	\$36,000	\$36,000
Internet connection - installation cost	\$100,000	\$0
wifi survey cost	\$50,000	\$0
vendor project management	\$50,000	\$50,000
30 APs @ 2000 each - list price – Exterior	\$60,000	\$0
construction cost and cabling per AP @ \$5000	\$150,000	\$0
18 APs @ \$2000 each - list price House Garage	\$36,000	\$0
construction cost and cabling per AP @ \$2000 – House Garage	\$36,000	\$0
IDF - cabinet, routing, switching, power House Garage	\$25,000	\$0
35 APs @ \$2000 each - list price Senate Garage	\$70,000	\$0

construction cost and cabling per AP @ \$2000 – Senate Garage	\$70,000	\$0
IDF - cabinet, routing, switching, power Senate Garage	\$25,000	\$0
5 APs @ \$1500 - tunnel to capitol Senate Garage	\$7,500	\$0
construction cost for tunnel APs @ \$1500 Senate Garage	\$7,500	\$0
Subtotal	\$3,625,937	\$406,000
Final overhead of 50%	\$1,812,969	\$203,000
TOTAL	\$5,438,906	\$609,000

Oversight does not have any information to the contrary. Therefore, Oversight will reflect a “could exceed” the estimated cost provided by OA to the General Revenue Fund. Oversight will use a range of fiscal impact with and without the 50% buffer used by OA. Oversight assumes the cost in FY 2025 will be a reoccurring cost each year thereafter.

Oversight notes Section 8.475 creates “Vertical Real Estate Act” and allows for a local political subdivisions to build or erect vertical towers on its property, or enter into public-private partnership to do so.

Additionally, Section 67.485 allows two or more political subdivision(s) to form a broadband infrastructure improvements district, upon approval by the voters within districts, who are able to contract or finance broadband services. However, the district(s) are not to levy, assess, apportion or collect any tax upon property within the political subdivision to do so.

Officials from the **Department of Revenue (DOR)** assume Section 67.485 gives local political subdivisions the ability upon a vote of their citizens to establish a broadband infrastructure district. However they will not have the authority to levy, assess, apportion or collect any tax on property in their district. This will not fiscally impact the Department.

Oversight notes the officials from the DOR assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for DOR.

Oversight notes the Sections 620.2450 to 620.2458 creates Grant Program for applicants who seek to expend access to broadband.

Oversight notes that this proposal allows companies to initiate a project of acquisition and installation of retail broadband internet service in unserved and underserved areas of state.

Oversight also notes the proposal specifies that applicants, who are seeking grants to expand access to broadband internet service in underserved areas of the state, must submit an application for such a grant to the Department of Economic Development for approval.

The proposal adds a definition for "project" and modifies the definition of "underserved area", which is now defined as a project area without access to wireline or fixed wireless broadband internet service of speeds of the higher of 100 Mbps download and 20 Mbps upload or the minimum speed established by the Federal Communications Commission. The definition of "unserved area" is also modified to mean a project area without access to wireline or fixed wireless broadband internet services of speeds of at least 25 Mbps download and 3 Mbps upload.

Grants awarded under the program shall prioritize projects providing speeds of the higher than 100 Mbps download and 20 Mbps upload that is scalable to higher speeds or the minimum acceptable speed established by the Federal Communications Commission.

Oversight, for informational purposes, provides snapshot of certain federal programs that allows states to further the Broadband Development goals specified below:

H.R. 133, the "Consolidated Appropriations Act, 2021," which was signed into law on December 27, 2020. United States Congress Consolidated Appropriations Act, 2020 Broadband Provisions

FCC:

- \$3.2B (FCC) \$50/per month household subsidy for broadband service for low to moderate income families
- \$250M (FCC) COVID-19 Telehealth Grant Program for clinics and health care providers
- \$65M + \$33M (FCC) for broadband mapping to provide a more accurate representation of broadband coverage in America

USDA:

- \$635M (USDA) Re-Connect broadband infrastructure deployment program
- \$60M (USDA) Distance Learning and Telemedicine grants
- \$35M (USDA) Community Connect grants

NTIA, US Dept. of Commerce:

- \$300M (NTIA) Rural infrastructure projects not covered by other federal programs
- \$285M (NTIA) For digital inclusion efforts in minority communities for devices, service, adoption/digital literacy

Oversight notes that a recent article, published by the [Missouri University](#) on this subject, suggests Missouri ranks no. 32 in the U.S. in the broadband access for its citizens. It shows that one in three Missouri households is currently without high-speed internet service. [Additional research on subject](#) shows that "at this time, 85.6% of Missourians have access to a wired broadband connection with speeds of 25 Mbps or faster; however, there are still 780,000 people who do not have a wired connection capable of such speeds.

Officials from the **Clarence Water/Wastewater District** and **Morgan County Power/Water/Sewer District** both assume the proposal will have a direct fiscal impact on their organization.

Oversight requested additional information from above local political subdivisions for explanation of the specific impact stemming from the proposal. However, Oversight did not receive any additional information. For purpose of this fiscal note, Oversight will assume the proposal will have no fiscal impact on their respective organization and reflect a zero impact in the fiscal note.

Oversight, for informational purposes, provides last three years of Broadband Development Spending in Missouri below:

FY 2020

Applicant	Awarded Y/N	Total Score (Out of 130)	Amount Requested	Amount Awarded	Household Unit Served	Farms Served	Business	Community Institutions
Boycom Cablevision Inc. - Doniphan/Ripley Co.	Y	70.75	\$167,402.50	\$164,958.00	1500	50	65	20
Callabyte Technology LLC (CNV) - Holts Summit*	Y	88.5	\$386,250.00	\$335,806.00	189	21	31	0
CenturyLink - Wentzville	Y	90.88	\$32,400.00	\$29,160.00	59	0	0	0
Chariton Valley Communications Corp. - Renick	Y	86.75	\$206,400.00	\$206,400.00	98	6	8	4
Chariton Valley Communications Corp. - Rockford	Y	84.75	\$56,250.00	\$50,625.00	15	3	0	1
Gascoage Electric Cooperative - Tick Creek Exter	Y	83.75	\$547,746.00	\$402,332.00	85	0	0	0
Mid-America Spectrum LLC - Barnhart	Y	81.57	\$46,432.00	\$46,432.00	34	0	0	0
Mid-America Spectrum LLC (CNV) - Smithville*	Y	86.71	\$29,553.90	\$33,153.00	50	0	0	0
9 New Florence Telephone Company (CNV) - Hig	Y	102.86	\$127,126.40	\$113,397.00	145	0	12	6
Socket Telecom LLC (CNV) - New Franklin*	Y	91.88	\$129,860.00	\$129,860.00	397	0	26	16
Steelville Telephone Exchange - Bixby	Y	100.43	\$500,000.00	\$445,917.00	108	3	9	2
Steelville Telephone Exchange - East End	Y	86.43	\$132,158.00	\$114,538.00	19	3	4	1
Worldwide Technologies Inc. - Lexington	Y	79.84	\$500,000.00	\$370,990.00	466	0	0	2
Alma Communications Company (CV) - Lafayette, Saline, Johnson Counties*	Y	90	\$132,400.00	\$127,913.00	644	0	67	0
Northeast Missouri Rural Telephone Company - Sy	Y	98.57	\$354,921.00	\$354,921.00	117	19	5	0
United Services Inc. - Bolckow	Y	95.43	\$139,034.00	\$125,131.00	78	19	2	7
Total Amt. Requested/Awarded			\$3,487,933.80	\$3,051,533.00	4004	124	229	59
*Challenged Application								

Source: <https://ded.mo.gov/sites/default/files/Broadband%20Documents.pdf>

Oversight notes that in FY 2020 there were 40 applicants requesting money. The DED further explained that applicants denoted as not receiving funding (24 applicants) either were ineligible because the proposed project area was 'served' as listed by the Federal Communications Commission or the applicant did not submit or provided incomplete information to fully evaluate the application.

Oversight notes that the two tables below with the funding for FY 2021 and FY 2022 are still being finalized; therefore, the tables do not include all information as the FY 2020 table. Some contractors are still working on the projects and DED is working in tandem with the providers to assure appropriate compliance. The DED additionally adds that there are differences between initial application process and the final project based of challenges and other funding sources becoming available throughout the project.

House Amendment 1 – Section 1

Establishes "Office of Broadband Development" in the Missouri Department of Economic Development

In response to the similar proposal, HB 2726 (2022), officials from the **Department of Economic Development**, the **Office of the Governor**, the **House of Representatives**, the **Missouri Senate**, and the **Joint Committee on Administrative Rules** each assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this amendment.

House Amendment 2

Oversight assumes the proposed language adjustment will not add any additional impact to the overall bill.

House Amendment 3 – Section 620.2451

Funds awarded for broadband expansion must be used specifically for purposes set forth in the grant.

Oversight assumes there may be potential savings to the state funds if recipients fail to comply with the requirements established by this provision. Therefore, Oversight will reflect a zero (proceeds of funds used properly and compliance issues were not found) to Unknown (compliance issues resulting in repayment of the grant funds) savings in the fiscal note.

Overall bill:

Officials from the **Department of Revenue**, the **Department of Elementary and Secondary Education**, the **Office of Administration – Budget & Planning**, the **Missouri House of Representatives**, the **City of Kansas City**, the **Metropolitan St. Louis Sewer District - 7B Sewer**, the **Little Blue Valley Sewer District - 7B Sewer**, the **South River Drainage District - 7D Levee**, the **Hancock Street Light District** each assume the proposal will have no fiscal impact on their organizations. **Oversight** does not have any information to the contrary. Therefore, **Oversight** will reflect a zero impact in the fiscal note for these entities.

In response to the previous version of the bill, officials from the **Department of Higher Education and Workforce Development**, the **Missouri Senate**, the **St. Charles County Pwsd #2 - 7A Water**, the **Viburnum Water/Wastewater**, the **Wayne County Pwsd #2**, the **City of O'Fallon**, the **City of Springfield**, and the **City of Springfield** each assumed the proposal will have no fiscal impact on their 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.

FY 2021

Recipient	Project Location	Grant Amount	Amount Awarded	Total Connections Made
Round 1				
AirLink	Glasgow, Howard County	\$ 578,783.32	\$ 245,990.00	400
Barry Technology Services	Barry & McDonald Counties	\$ 82,800.00	\$ 43,631.63	23
Callabyte	Warren County - Red School House, Bueltmann, Wright, Strawberry Hill Roads, Unincorporated South of Jonesburg	\$ 138,000.00	\$ 100,050.00	40
Chariton Valley Communications (Keyettesville)	Keyettesville, Chariton County	\$ 219,671.00	\$ 146,908.58	87
Chariton Valley Communications (Brookfield East)	Brookfield East, Linn County	\$ 71,902.00	\$ 24,753.12	42
Chariton Valley Communications (Brookfield West)	Brookfield West, Linn County	\$ 226,118.44	\$ 95,515.70	76
Chariton Valley Communications (Long Branch Lake)	Long Branch Lake, Macon County	\$ 82,800.00	\$ 48,300.00	24
Chariton Valley Communications (Northwest Hannibal)	Hannibal Northwest, Marion County	\$ 175,950.00	\$ 89,700.00	45
Higher Vision Works LLC	Ozark, Taney County	\$ 94,500.00	\$ 43,650.00	180
Midwest Data	Lake Community, Big Lake, Holt County	\$ 483,000.00	\$ 483,000.00	140
SEMO Electric Cooperative	Cape Girardeau, Scott, Stoddard Counties	\$ 142,200.00	\$ 142,200.00	60
Socket (SW Ashland)	Ashland, Boone County	\$ 442,395.00	\$ 224,991.51	176
Socket (Fayette)	Fayette, Howard County	\$ 129,086.21	\$ 20,816.34	224
Socket (St. Martin Meadowbrook)	Jefferson City/St. Martin, Meadowbrook, Cole County	\$ 15,840.25	\$ 10,350.00	12
Socket (St. Martin Verdant Lane)	Jefferson City/St. Martin, Verdant Lane, Cole County	\$ 31,828.00	\$ 10,350.00	19
Round 2				
Boycom Cablevision	Foxwood Pointe, Poplar Bluff (Butler)	\$ 96,600.00	\$ 96,600.00	28
Boycom Cablevision	Remington Oaks, Poplar Bluff (Butler)	\$ 91,699.00	\$ 91,699.00	27
Green Hills Communications	State Highway V, Gallatin, Daviess County	\$ 6,900.00	\$ 4,167.00	5
Liberty Link LLC (Nov 30)	Holden (Johnson County)	\$ 152,922.00	\$ 152,761.00	97
Mark Twain Communications	Gorin, South Scotland County	\$ 131,100.00	\$ 131,000.00	178
Socket (1 of 7 apps)	East Ahsland (Boone County)	\$ 81,063.00	\$ 41,469.92	35
Socket (3 of 7 apps)	Log Providence Road (Boone County)	\$ 12,889.00	\$ 12,889.00	9
Socket (4 of 7 apps)	N. New Franklin (Howard County)	\$ 95,324.00	\$ 32,183.44	34
Socket (5 of 7 apps)	S. Moberly (Randolph County)	\$ 56,921.00	\$ 38,446.37	24
Socket (6 of 7)	St. Martin Project Area 2 (Cole)	\$ 12,672.00	\$ 6,900.00	5
Socket (7 of 7 apps)	St. Martin Project Extension (Cole) - MODIFIED/CHALLENGED	\$ 106,866.00	\$ 44,850.00	40
Total Awards				
		\$ 3,759,830.22	\$ 2,383,172.61	2030

Source: obtained via e-mail, form DED, and attached in MOLIS cache

FY 2022

BB:LR:OD

Recipient	Project Location	Grant Amount	Household Unit Served	Business	Community Institutions
Gascosage Electric Cooperative	South Dixon	\$ 2,842,768.51	719	35	0
Socket Telecom	Northern Boone County	\$ 5,005,418.03	2941	6	10
Chariton Valley Communications	Hannibal	\$ 1,113,062.13	518	12	2
Chariton Valley Communications	Palmyra	\$ 1,825,872.77	176	10	2
Chariton Valley Communications	Clarence	\$ 1,002,456.37	73	2	0
Chariton Valley Communications	Monroe City	\$ 592,115.27	45	5	0
Gateway Infrastructure, LLC	five communities in Lincoln and St. Charles	\$ 10,000,000.00	4731	121	0
Green Hills Communications	Rural are east of Chillicothe	\$ 4,656,599.33	295	6	1
Boyccon Ccablevision	Stringtown	\$ 1,097,190.00	230	18	2
Spectrum	Portgage Des Sioux, St. Louis & St. Charles Co	\$ 1,899,936.68	496	0	0
Columbus Telephone Company	Carl Junction	\$ 8,411,191.57	3105	99	16
Le-Ru Telephone Coompany	Powell and Pineville, McDonald County	\$ 3,610,846.46	215	6	0
Total Awards		\$ 42,057,457.12	13544	320	33

Source: obtained via e-mail, form DED, and attached in MOLIS

<u>FISCAL IMPACT – State Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
GENERAL REVENUE FUND			
<u>Cost – DED – Section 1.512.2 - FTE needed to support Broadband Development Office (p.4)</u>			
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 – DED</u>	<u>(\$77,996)</u>	<u>(\$82,381)</u>	<u>(\$83,733)</u>
FTE Change – DED	1 FTE	1 FTE	1 FTE
<u>Cost – OA ITSD – Section 1.512.6 (1) thru (4). FTE needed to support Broadband Development Office with Geo-mapping capabilities (p.4)</u>			
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 – OA</u>	<u>(\$320,008)</u>	<u>(\$352,473)</u>	<u>(\$358,286)</u>
FTE Change – OA	2 FTE	2FTE	2 FTE
<u>Cost – Section 8.055 - OA Wi-Fi Internet in Capitol Building and grounds (p.5,6)</u>	<u>\$0</u>	<u>(Could Exceed \$3,625,937 to \$5,438,906)</u>	<u>(Could Exceed \$406,000 to \$609,000)</u>
Costs – DED - §620.2465 – shall implement a program to increase high-speed internet access in unserved and underserved areas	(Unknown)	(Unknown)	(Unknown)
NET EFFECT ON THE GENERAL REVENUE FUND	<u>Could exceed (\$398,004)</u>	<u>Could Exceed (\$4,060,791) to (\$5,873,760)</u>	<u>Could Exceed (\$848,019) to (\$1,051,019)</u>
MISSOURI OFFICE OF BROADBAND DEVELOPMENT FUND			

<u>Revenue Gain</u> – Section 1.512 & 1.513 - AGO claw back for unfinished projects (p.4)	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Revenue Savings</u> – HA 3 Section 620.2451 – claw back for improper use of grant funds (p.10)	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
NET ESTIMATED EFFECT ON THE MISSOURI OFFICE OF BROADBAND DEVELOPMENT FUND	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2023 (10 Mo.)	FY 2024	FY 2025
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

Some small businesses would be expected to be able participate in the broadband grant program as a result of this proposal.

FISCAL DESCRIPTION

Broadband Development Council (Section 1.512 & 1.513)

This sections establishes the "Broadband Development Council" consisting of 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.

Additionally, the state of Missouri or the Attorney General to seek the deposit of federal funds designated for broadband deployment in Missouri from broadband providers who default or otherwise fail to complete deployment as agreed upon with the federal government and deposit such a funds into the Missouri office of broadband development.

High Speed Internet for Capital Grounds (Section 8.055)

This bill requires unified high speed Wi-Fi Internet access with adequate bandwidth and connectivity to accommodate users in the Capitol building and grounds.

"Vertical Real Estate Act" (Section 8.475)

This section allows for any political subdivision of the state of Missouri to erect vertical real estate or towers on its property unless otherwise proscribed by law. Any such political subdivision is hereby authorized to enter into public-private partnerships in order to effectuate construction of vertical real estate or towers

Broadband Infrastructure Improvement Districts (Section 67.485)

This bill authorizes two or more political subdivisions, upon a vote of eligible voters, to form a broadband infrastructure improvement district for the delivery of broadband Internet service to their residents. A district has the power to contract with a broadband Internet service provider to provide broadband Internet service to the residents of the district. A district may finance the provision or expansion of broadband Internet service through grants, loans, bonds, or user fees. The bill also establishes the composition and operation of the District Governing Board. Additional political subdivisions may join a district upon application to the Governing Board. If the Board offers admission to the district, it must specify all terms and conditions upon which admission is predicated. A political subdivision may withdraw from a district in the same manner.

This bill establishes the Missouri Department of Economic Developments' Office of Broadband Development. (Section 620.2468)

Broadband Infrastructure Grant Program (Sections 620.2450 – 620.2458)

This section allows for the Department of Economic Development to award grants to applicants who seek to expand access to broadband internet service in unserved and underserved areas of the state.

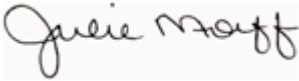
The funds awarded by the department to an entity for the purposes of providing, maintaining, and expanding rural broadband in the state of Missouri shall require the entity to use the funds specifically for purposes set forth in the grant. If the entity uses the proceeds or funds for any other purposes or fails to comply with any requirement established by the department through the grant or funds awarded pursuant thereto, the entity shall return any remaining proceeds expended or the value of any incentives or services received by the entity to which a monetary value can be assigned, to be repaid to the department as required by the terms of the grant or contract.

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

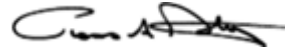
SOURCES OF INFORMATION

Department of Economic Development
Office of Administration
Joint Committee on Administrative Rules
Office of the State Courts Administrator
Department of Revenue
Department of Elementary and Secondary Education
Department of Higher Education and Workforce Development
Missouri Senate
Missouri House of Representatives
Little Blue Valley Sewer District - 7B Sewer
Metropolitan St. Louis Sewer District - 7B Sewer
South River Drainage District - 7D Levee
St. Charles County Pwsd #2 - 7A Water
Viburnum Water/Wastewater
Wayne County Pwsd #2
Hancock Street Light District
City of Kansas City
City of O'Fallon
City of Springfield
City of Springfield

L.R. No. 5116H.04P
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A handwritten signature in cursive script, appearing to read "Julie Morff", written in black ink on a light-colored background.

Julie Morff
Director
April 27, 2022

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

Ross Strobe
Assistant Director
April 27, 2022