

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0147H.02I
Bill No.: HB 461
Subject: Internet and E-Mail; Utilities; Boards, Commissions, Committees, and Councils
Type: Original
Date: January 23, 2023

Bill Summary: The proposal establishes the Broadband Development Council.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
General Revenue Fund	(\$495,641)	(\$507,447)	(\$519,269)
Total Estimated Net Effect on General Revenue	(\$495,641)	(\$507,447)	(\$519,269)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
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 2024	FY 2025	FY 2026
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Economic Development (DED)** note 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 one additional 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:

This application and workflow will be based on an existing ArcGIS Online framework, using configurable modules, rather than writing custom code. This platform is already OA's standard for online mapping and spatial analysis. This assumes there will be business users within various state agencies (DED, DESE, and DHEWD) who need licenses of the ArcGIS professional software. Agencies and stakeholders assume responsibility for collecting and reviewing necessary data elements to populate the online map, using templates created by GIS staff. Project timeline assumes agency and stakeholders will be available through the initial development. In the Other Costs section, the estimate of 6 stakeholders for purchasing ArcGIS software should be adjusted up or down once OA knows the number of business participants from the various agencies.

Purchasing additional components adds capacity to the 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, OA-ITSD does 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 the necessary software licensing and training is estimated at \$391,890 for FY2024, \$393,799 for FY2025, and \$403,644 for FY2026.

These costs cannot be absorbed by current budget authority or FTE authority.

Oversight notes that included in OA-ITSD’s estimate are the following:

ArcGIS Hub Premium	\$105,000 – ongoing
Expand GIS server license	\$19,090 - ongoing
ArcGIS Desktop Software	\$25, 200 – ongoing
Training ArcGIS Software	\$25, 200 only for FY 2024

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) 1.152.6 (1) thru (5).

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 5(3)(c) the proposal allows for the Council to “seek non-state funding and grants, which the council may use itself or disburse to fund projects and initiatives.”

Oversight assume, for purpose of this fiscal note, that the Council could have other funds but any state budgetary impacts would be indirect, depending on council discretion on use of funds, and for fiscal note purposes Oversight assumes no impact.

Officials from the **Department of Revenue**, the **Department of Higher Education and Workforce Development**, the **Department of Commerce and Insurance**, 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.

Officials from the **Missouri State Senate** assume the proposal will have a negative fiscal impact to the senate contingent appropriation to reimburse 3 senators for travel to meetings of the Broadband Development council meetings. Details are in the attached analysis. In summary, it will cost approximately \$242.40 per meeting.

Oversight notes the Missouri State Senate assumes no fiscal responsibility for the other committee members.

Officials from the **City of Kansas City**, the **City of Springfield**, the **Little Blue Valley Sewer District - 7B Sewer**, the **Metropolitan St. Louis Sewer District - 7B Sewer**, the **South River Drainage District - 7D Levee**, and the **Wayne County Pwsd #2** 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 similar proposal, HB 2638 – 2022, 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.

<u>FISCAL IMPACT – State Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
GENERAL REVENUE FUND			
<u>Cost – DED – Section 1.512.2 - FTE needed to support Broadband Development Office (p.3)</u>			
Salaries	(\$57,760)	(\$70,698)	(\$72,112)
Fringe Benefits	(\$31,692)	(\$38,495)	(\$38,969)
Equipment & Expense	(\$14,299)	(\$4,455)	(\$4,544)
<u>Total Cost – DED</u>	<u>(\$103,751)</u>	<u>(\$113,648)</u>	<u>(\$115,625)</u>
FTE Change – DED	1 FTE	1 FTE	1 FTE
<u>Cost – OA ITSD – Section 1.512 6 (1) thru (5). FTE needed to support Broadband Development Office with Geo-mapping capabilities (p.4)</u>			
Salaries	(\$108,333)	(\$133,250)	(\$136,581)
Fringe Benefits	(\$65,497)	(\$80,561)	(\$82,575)

Equipment & Expense	(\$218,060)	(\$179,988)	(\$184,488)
Total Cost – OA	(\$391,890)	(\$393,799)	(\$403,644)
FTE Change – OA	2 FTE	2FTE	2 FTE
NET ESTIMATED EFFECT ON THE GENERAL REVENUE FUND	<u>(\$495,641)</u>	<u>(\$507,447)</u>	<u>(\$519,269)</u>
Estimated Net FTE Change on General Revenue	3 FTE	3 FTE	3 FTE

<u>FISCAL IMPACT – Local Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026
	<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" 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.

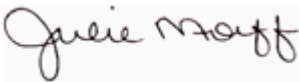
The Council must establish a mapping of broadband services in the state based on analysis of data, demand, and other relevant information and publish an interactive public map that provides certain information based on information received by the Council from specified data sources.

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.

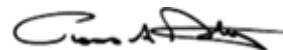
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration
Department of Economic Development
Department of Higher Education and Workforce Development
Department of Revenue
Missouri Senate
Missouri House of Representatives
Office of the Secretary of State
Joint Committee on Administrative Rules
City of Springfield
City of Kansas City
Little Blue Valley Sewer District - 7B Sewer
Metropolitan St. Louis Sewer District - 7B Sewer
South River Drainage District - 7D Levee
Wayne County PWSD #2



Julie Morff
Director
January 23, 2023



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January 23, 2023