

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0147H.04C  
 Bill No.: HCS for HB 461  
 Subject: Internet and E-Mail; Utilities; Boards, Commissions, Committees, and Councils  
 Type: Original  
 Date: February 24, 2023

Bill Summary: This proposal establishes the Broadband Development Council.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
General Revenue Fund*	Up to (\$603,751)	Up to (\$613,648)	Up to (\$615,625)
<b>Total Estimated Net Effect on General Revenue</b>	<b>Up to (\$603,751)</b>	<b>Up to (\$613,648)</b>	<b>Up to (\$615,625)</b>

\*Oversight notes the estimated impact includes 1 FTE for DED and a \$500,000 annual cost associated with subsection 1.512 6. (Council shall establish a university-based research organization, or contract with an organization, that shall conduct an annually survey of Missouri counties)

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2024	FY 2025	FY 2026
<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.

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

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>
General Revenue Fund – DED FTE	1 FTE	1 FTE	1 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>1 FTE</b>	<b>1 FTE</b>	<b>1 FTE</b>

- 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.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>FY 2026</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## 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 Department of Economic Development's Office of Broadband Development the responsibility to provide administrative, personnel and technical support to the council. DED anticipates the need for 1.0 additional FTE to assist with research. Additionally, the DED is requesting \$500,000 annually to establish a university-based research organization, or contract with an organization that shall annually survey each county and schools district in the state to assess available internet speed and identify areas with challenges to high-speed internet access.

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

**Oversight** notes the HCS, specifically subsection 1.512.6 of the proposal, states "the council shall establish a university-based research organization, or contract with an organization, that shall annually survey each county and school district in the state to assess available internet speed and identify areas with challenges to high-speed internet access."

**Oversight** notes the DED assume there would be a \$500,000 annual cost associated with the survey provided by chosen university or a contracted organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a DED's estimated impact of this contract agreement in the fiscal note.

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

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 **Lexington Water/Wastewater**, 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 the above respective 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.

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
<b>GENERAL REVENUE FUND</b>			
<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>Revenue Reduction – Section 1.512 6. Contract to obtain survey (p. 3)</u>	<u>Up to (\$500,000)</u>	<u>Up to (\$500,000)</u>	<u>Up to (\$500,000)</u>
<b>NET ESTIMATED EFFECT ON THE GENERAL REVENUE FUND</b>	<b><u>Up to (\$603,751)</u></b>	<b><u>Up to (\$613,648)</u></b>	<b><u>Up to (\$615,625)</u></b>

<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.

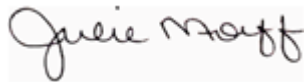
The responsibilities of the Council are specified in the bill and include exploring ways to expand access to broadband services; the potential for increased use of broadband for education, career readiness, workforce preparation and alternative career training; ways to encourage state and municipal agencies 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 shall establish a university-based research organization, or contract with an organization, that shall annually survey each county and school district in the state to assess available internet speed and identify areas with challenges to high-speed internet access.

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  
Lexington Water/Wastewater  
Metropolitan St. Louis Sewer District - 7B Sewer  
South River Drainage District - 7D Levee  
Wayne County PWSD #2



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Director  
February 24, 2023



Ross Strobe  
Assistant Director  
February 24, 2023