

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4242H.01I
 Bill No.: HB 1813
 Subject: Boards, Commissions, Committees, and Councils; Internet and E-Mail
 Type: Original
 Date: February 5, 2024

Bill Summary: This proposal establishes the Broadband Development Council.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
General Revenue Fund*	Could exceed (\$606,655)	Could exceed (\$617,186)	Could exceed (\$619,218)
Total Estimated Net Effect on General Revenue	Could exceed (\$606,655)	Could exceed (\$617,186)	Could exceed (\$619,218)

*Oversight notes the estimated impact includes 1 FTE for DED and an estimated \$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 annual survey of Missouri counties and school district to assess available internet speed and challenges to high speed internet access).

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
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 2025	FY 2026	FY 2027
General Revenue Fund – DED	1 FTE	1 FTE	1 FTE
Total Estimated Net Effect on <u>All</u> Federal Funds	1 FTE	1 FTE	1 FTE

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on FTE	0	0	0

- 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 2025	FY 2026	FY 2027
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Economic Development (DED)** assume this 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, and 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.

ITSD - There is a potential impact on ITSD; however, an exact impact is difficult to determine. Section 1.512.6 requires the Office of Broadband Development to map broadband services in the state and publish a yearly assessment and map. If additional ITSD funds are needed, funds will be requested during the normal budget process.

Oversight notes the 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 according to a 2022 study from the [U.S. Census Bureau](#), this state's local governments consist of 114 counties, 1,226 cities, towns, villages, and 1,927 special districts. St. Louis operates as an independent city.

Oversight will show a range of impact for DED-ITSD costs from \$0 (can be absorbed or part of the contract agreement) to an unknown costs.

Oversight notes the DED assumes 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 DED’s estimated cost for the contract agreement in the fiscal note up to and including the necessary 1 FTE Research/Data Analyst at \$69,312 annually.

Officials from the **Department of Higher Education and Workforce Development**, the **Department of Elementary and Secondary Education**, the **Missouri House of Representatives**, and the **Office of the State Public Defender** 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. In summary, it will cost approximately \$503.04 per meeting.

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

Officials from the **City of Kansas City** 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.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
GENERAL REVENUE FUND			
<u>Costs</u> – DED/ITSD Section 1.512.6 - map broadband services and publish a yearly assessment and map – (p.3)	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
<u>Costs</u> – DED – Section 1.512.2 - FTE needed to support Broadband Development Office (p.3)			
Salaries	(\$57,760)	(\$70,698)	(\$72,112)
Fringe Benefits	(\$34,596)	(\$42,034)	(\$42,563)
Equipment & Expense	(\$14,299)	(\$4,454)	(\$4,543)
Total Cost – DED	(\$106,655)	(\$117,186)	(\$119,218)
FTE Change – DED	1 FTE	1 FTE	1 FTE
<u>Costs</u> - DED – Section 1.512.6 Contract to obtain survey (p. 3)	<u>Up to (\$500,000)</u>	<u>Up to (\$500,000)</u>	<u>Up to (\$500,000)</u>
NET ESTIMATED EFFECT ON THE GENERAL REVENUE FUND	<u>Could exceed (\$606,655)</u>	<u>Could exceed (\$617,186)</u>	<u>Could exceed (\$619,218)</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
	<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 21 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 and the House of Representatives, with two from each chamber appointed by the President Pro Tem and the Speaker and one appointed by the Minority Floor Leader of each chamber. The public members of the Council will be appointed by the Speaker of the House of Representatives and serve terms as specified in the bill.

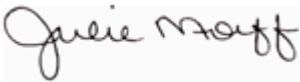
The responsibilities of the Council are specified in the bill and include exploring ways to expand access to broadband services; the potential for increased use of broadband for education, career readiness, workforce preparation, and alternative career training; ways to encourage state and municipal 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 also establish a university-based research organization, or contract with an organization, that will 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.

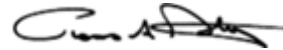
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Economic Development
Department of Higher Education and Workforce Development
Office of Administration
Missouri House of Representative
Missouri Senate
City of Kansas City



Julie Morff
Director
February 5, 2024



Ross Strobe
Assistant Director
February 5, 2024