

**STATE
FISCAL IMPACT**

Drafting Number: LLS 09-0744
Prime Sponsor(s): Sen. Schwartz
 Rep. Liston

Date: February 9, 2009
Bill Status: Senate Business, Labor, & Technology
Fiscal Analyst: Chris Ward (303-866-5834)

TITLE: CONCERNING THE OPERATION OF THE PROJECT BY THE STATE'S CHIEF INFORMATION OFFICER TO CREATE AN INVENTORY OF BROADBAND SERVICE AREAS, AND, IN CONNECTION THEREWITH, AUTHORIZING THE ACCEPTANCE OF PUBLICLY FUNDED GIFTS, GRANTS, AND DONATIONS, AND MAKING AN APPROPRIATION.

Fiscal Impact Summary	FY 2008-09	FY 2009-10	FY 2010-11
State Revenue			
State Expenditures			
Cash Funds			
Broadband Inventory Fund	\$331,537		
FTE Position Change			
Effective Date: Upon signature of the Governor			
Appropriation Summary for FY 2008-09 and FY 2009-10: See State Appropriations section for the current fiscal year; none is required for FY 2009-10.			
Local Government Impact: None.			

Summary of Legislation

Under current law, the Office of Information Technology (OIT) is required to create an inventory of broadband service areas within Colorado. This bill, recommended by the Joint Select Committee on Job Creation and Economic Growth, expands the funding sources to pay for the project and extends the project's deadline. Specifically, the bill allows the OIT to accept grants from public entities, where current law limits acceptance to grants from private entities. The deadline for completing the inventory is extended from April 1, 2009, to November 1, 2009. The bill includes an appropriation of \$351,537 cash funds from the Broadband Inventory Fund to the OIT for FY 2008-09.

Background. Senate Bill 08-215 required the OIT to create an inventory of broadband service areas within Colorado and appropriated \$21,000 in FY 2008-09 to cover OIT administrative costs related to that purpose. Since then, the OIT has incurred about \$1,000 in costs to solicit and receive proposals from private vendors, seek funding from a variety of sources, and hold public meetings as required by SB 08-215.

State Revenue

The bill will not directly increase state revenue, but it allows for the OIT to receive money from public entities to complete an inventory of broadband services. Any money received would be credited to the Broadband Inventory Fund, which currently has no fund balance.

The OIT has identified three main funding sources to pay for a vendor to create the inventory, two of which consist of public funds. First, the Department of Local Affairs awarded the OIT a grant of \$100,000 from the Local Government Mineral Impact Fund, contingent on the OIT receiving spending authority for the money. Second, the Public Utilities Commission (PUC) approved a grant of up to \$200,000 from Colorado Performance Assurance Plan Tier II funds, moneys that under current law may only be used for competitively neutral telecommunications efforts. The remaining costs for the inventory are expected to come from private gifts, grants, and donations, as allowed by current law. In the event these sources are insufficient, state law also permits the OIT to use up to \$100,000 from the High Cost Support Mechanism administered by the PUC. However, this final source is not expected to be needed.

State Expenditures

This bill does not directly increase state expenditures, but it provides a source of funding for meeting the current requirement to create an inventory of broadband service areas within Colorado. In total, the inventory will cost \$351,537 in FY 2008-09, although some of these costs may carry over into FY 2009-10. These costs are for a private vendor working under contract with the OIT to collect and analyze data and generate web-based maps. Cost estimates also include reporting to the General Assembly, 10% contingency funding for change orders, and \$20,000 in overhead costs for the OIT.

Because SB 08-215 appropriated \$21,000 to the OIT in FY 2008-09, of which about \$1,000 has already been spent, the fiscal note assumes that this bill requires an appropriation of only \$331,537.

State Appropriations

Although the bill contains an appropriation of \$351,537 cash funds from the Broadband Inventory Fund to the Governor's Office of Information Technology for FY 2008-09, this analysis indicates an appropriation amount of \$331,537.

Departments Contacted

Governor - Office of Information Technology