SB08-215

Colorado Legislative Council Staff Fiscal Note

STATE FISCAL IMPACT

This fiscal note is provided pursuant to Joint Rule 22(b)(2). It is based on amendment SB215_L.002, which strikes everything below the enacting clause of the introduced bill.

Drafting Number:	LLS 08-1029	**Date:**	April 8, 2008
Prime Sponsor(s):	Sen. Schwartz Rep. Riesberg	**Bill Status:** **Fiscal Analyst:**	Senate Business, Labor, & Technology Chris Ward (303-866-5834)

TITLE: CONCERNING BROADBAND TELECOMMUNICATIONS SERVICE, AND, IN CONNECTION THEREWITH, DIRECTING THE STATE'S CHIEF INFORMATION OFFICER TO CREATE AN INVENTORY OF BROADBAND SERVICE AREAS AND AUTHORIZING THE PUBLIC UTILITIES COMMISSION TO ESTABLISH A FUNDING MECHANISM TO HELP DEFRAY THE COST OF PREPARING THE INVENTORY.

Fiscal Impact Summary	FY 2008-2009	FY 2009-2010
State Revenue Cash Funds - Broadband Inventory Fund	Gifts, Grants, Donations, and up to $29,500*	$0
State Expenditures Cash Funds - Broadband Inventory Fund	$21,000	$6,500
FTE Position Change	0.1 FTE	0.0 FTE
Effective Date: Upon signature of the Governor or upon becoming law without his signature.		
Appropriation Summary for FY 2008-2009: See State Appropriations section.		
Local Government Impact: None		

** This figure represents the maximum amount to be transferred from the high cost support mechanism to the Broadband Inventory Fund.*

Summary of Legislation

This bill directs the Chief Information Officer within the Governor's Office of Information Technology (OIT) to create an inventory of broadband service areas within Colorado that includes the following:

- an illustrative map showing wired, wireless, and satellite-based broadband services;
- the potential use of enterprise zones to develop rural broadband service;
- the need for additional transmission infrastructure; and
- demographic information such as population density and average household income levels for existing and potential broadband customers.

OIT must complete the inventory by April 1, 2009, submit a report to the legislature, and publish the inventory on a publicly available website. In developing the inventory, OIT must consult with the Public Utilities Commission (PUC), the Governor's Innovation Council, and other public and private entities. It must also hold at least 4 public meetings, consider comments submitted from the public, and employ private contractors.

The bill declares the intent of the General Assembly to have OIT seek gifts, grants, and donations to cover its costs, but if sufficient moneys are not received by September 1, 2008, OIT may use up to $100,000 from the high cost support mechanism, which is administered through the PUC. All funds would be credited to the Broadband Inventory Fund.

Any information submitted by telecommunications providers in connection with the inventory would be exempt from disclosure under the open records law.

Background

The high cost support mechanism consists of a service charge assessed against all companies that provide intrastate telecommunications services in Colorado. Revenue from the charge is used to reimburse local exchange providers for the difference between the reasonable costs incurred in making basic service available to customers in rural high cost areas and the price charged for such service. The mechanism is administered by the PUC, but money that flows through the mechanism is not considered state revenue and is not subject to appropriation by the General Assembly. In 2008, the high cost support mechanism is expected to raise about $72 million.

State Revenue

The bill allows OIT to accept gifts, grants, and donations to cover the cost of creating an inventory of broadband service areas in Colorado. Moneys would be credited to the newly-created Broadband Inventory Fund. No gifts, grants, or donations have been identified at this time, and if sufficient moneys have not been received by September 1, 2008, OIT may draw upon the high cost support mechanism for up to $100,000. Based on the costs described below, OIT would need to receive $29,500 to cover all associated costs. Thus, depending on the amount received from gifts, grants, and donations, up to $29,500 could be transferred from the high cost support mechanism to the Broadband Inventory Fund in FY 2008-09. It is assumed that any transferred money would be considered new state revenue.

State Expenditures

The bill will increase expenditures for OIT by the amounts shown in Table 1.

Table 1. Expenditures Under SB 08-215			
Cost Components	**FY 2008-09**	**FY 2009-10**	**FY 2010-11**
Personal Services	$9,000	$4,500	$0
FTE	0.1	0.0	0.0
Legal Services	$4,500	$0	$0
Web Development	$2,500	$1,000	$1,000
Printing	$4,000	$500	$500
Meetings	$1,000	$500	$500
TOTAL	**$21,000**	**$6,500**	**$2,000**

The bill requires OIT to prepare, inventory, and construct a map of available broadband resources in Colorado, and to perform this work in consultation with PUC, the Governor's Innovation Council, and other public and private entities. It also requires that OIT employ private contractors, although most of the work is expected to be performed using existing staff at OIT. It is assumed that the data needed to complete the inventory will be provided by companies providing service. Legal services will be provided by the Department of Law. All costs would be paid from the Broadband Inventory Fund.

State Appropriations

For FY 2008-09, the Governor's Office of Information Technology requires a cash fund appropriation of $21,000 and 0.1 FTE from the Broadband Inventory Fund. Of this amount, $4,500 should be reappropriated to the Department of Law.

Departments Contacted

Governor/OIT Regulatory Agencies