

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4127-02
Bill No.: Perfected SS for SB 632
Subject: Department of Economic Development; Internet and E-mail
Type: Original
Date: March 11, 2020

Bill Summary: This proposal extends the expiration date of the broadband internet grant program for unserved and underserved areas of the state from August 28, 2021 to June 30, 2027.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND				
FUND AFFECTED	FY 2021	FY 2022	FY 2023	Fully Implemented (FY 2027)
General Revenue*	\$0	Could exceed (\$5,000,000)	Could exceed (\$5,000,000)	Could exceed (\$5,000,000)
Total Estimated Net Effect on General Revenue*	\$0	Could exceed (\$5,000,000)	Could exceed (\$5,000,000)	Could exceed (\$5,000,000)

*Oversight notes this proposal extends the sunset date of an existing program. Accordingly, the fiscal note reflects the continuation of appropriations/expenditures under the broadband internet grant program at the FY 2020 level.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS				
FUND AFFECTED	FY 2021	FY 2022	FY 2023	Fully Implemented (FY 2027)
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses. This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS				
FUND AFFECTED	FY 2021	FY 2022	FY 2023	Fully Implemented (FY 2027)
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)				
FUND AFFECTED	FY 2021	FY 2022	FY 2023	Fully Implemented (FY 2027)
Total Estimated Net Effect on FTE	0	0	0	0

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS				
FUND AFFECTED	FY 2021	FY 2022	FY 2023	Fully Implemented (FY 2027)
Local Government	\$0	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration - Budget & Planning Division (B&P)** state this proposal will have no direct impact on General Revenue (GR) and Total State Revenues (TSR) or the calculation pursuant to Article X, Section 18e.

For Fiscal Year 2020, \$5 million is appropriated for the Broadband program. This proposal extends the program to June 30, 2027. To the extent new appropriations are made from GR, resources otherwise available for other budget priorities might be reduced.

This proposal may result in additional induced revenues, which B&P cannot estimate.

Oversight notes HB 7 of the 2019 Regular Session appropriated \$5 million for the Broadband Internet Grant Program. Oversight also notes the current version of HB 2007 (2020) appropriates \$10 million for the program (7.105).

In response to the previous version of this proposed legislation, officials from the **Missouri Department of Economic Development (DED)** stated, because the grant program is subject to appropriation, the impact to GR is not yet known. Based on the current appropriation, the cost could be equal to or exceed \$5 million. DED anticipates the need for an additional 0.5 FTE (Economic Development Specialist III - 26,163 annually) to assist with program administration, logistics, and compliance.

Oversight notes DED has stated an additional .05 FTE is required to assist with program administration, logistics, and compliance. Oversight assumes, as this is an existing program under DED, that DED could absorb the costs associated with the extension of the sunset date. Oversight further assumes if the program is appropriated revenues that generate a significant increase in applicants who wish to receive a grant under this program, DED may seek additional FTE through the appropriation process.

Oversight notes this proposed legislation extends the sunset date of the Broadband Internet Grant Program from August 28, 2021 to June 30, 2027. Oversight notes \$5,000,000 was appropriated to the program for Fiscal Year 2020. Oversight notes this program is subject to appropriation each year and, therefore, the fiscal impact cannot be quantified until future appropriations are made by the General Assembly.

For purposes of this fiscal note, Oversight will report a negative fiscal impact that could exceed the amount equal to Fiscal Year 2020's appropriation for the program of \$5,000,000.

ASSUMPTION (continued)

Oversight notes the **Missouri Department of Agriculture**, the **Missouri Department of Elementary and Secondary Education**, the **Missouri Department of Transportation** and the **State Treasurer's Office** have stated the proposed legislation would not have a direct 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 organizations.

<u>FISCAL IMPACT -</u> <u>State Government</u>	FY 2021	FY 2022 (10 Mo.)	FY 2023	Fully Implemented (FY 2027)
GENERAL REVENUE FUND				
<u>Revenue Reduction -</u> Section 620.2459 - extended expiration date of the Broadband Internet Grant Program (subject to appropriation)	\$0	Could exceed (\$5,000,000)	Could exceed (\$5,000,000)	Could exceed (\$5,000,000)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>\$0</u>	<u>Could exceed</u> <u>(\$5,000,000)</u>	<u>Could exceed</u> <u>(\$5,000,000)</u>	<u>Could exceed</u> <u>(\$5,000,000)</u>
<u>FISCAL IMPACT -</u> <u>Local Government</u>	FY 2021)	FY 2022 (10 Mo.)	FY 2023	Fully Implemented (FY 2027)
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposed legislation could impact any small business that would not have been awarded a grant had the sunset/expiration date of this program be extended.

FISCAL DESCRIPTION

Currently, the broadband internet grant program for unserved and underserved areas of the state will expire on August 28, 2021. This act extends the program until June 30, 2027. (Section 620.2459)

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 - Budget & Planning Division
Missouri Department of Economic Development
Missouri Department of Elementary and Secondary Education
Missouri Department of Agriculture
Missouri Department of Transportation
Missouri State Treasurer's Office



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March 11, 2020



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