

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2021-22		FY 2022-23	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$435,560		\$452,360	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$435,560		\$452,360	

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB604 would create the Nebraska Accelerated Broadband Deployment Grant Program Act. LB604 would distribute funds appropriated to the Department of Economic Development (DED) to eligible internet service providers for qualifying development projects. Program funding is subject to available appropriations.

Applicants must be a telecommunications carrier as designated under 47 U.S.C. 214(e), as such section existed on January 1, 2021. Applicants for a grant must submit the following information to DED:

- A description of the project supported area, including the Census Block;
- A description of the internet infrastructure to be deployed;
- The number of locations to obtain broadband internet;
- The total cost; and,
- Any other information required by DED.

Applicants must agree to the following:

- Provide internet service to all requesting households in the proposed project area;
- Become an eligible telecommunications carrier for the supported area and provide voice and broadband;
- Offer rates in the supported area no greater than the rates offered outside the supported area; and
- Provide services for at least 5 years.

LB604 requires DED to establish a weighting or scoring system to evaluate and rank the applications received each fiscal year. At least 30 days prior to accepting applications DED must publish the criteria on their website as well as the scoring system used to evaluate applicants. The scoring system may include additional factors, but must include the following:

- The financial, technical, and legal capability of the applicant to deploy and operate broadband Internet;
- The number of locations served in the most cost-effective manner possible considering the project area density, with higher scores for a higher number of homes served;
- The ability of the infrastructure to be scalable to higher Internet speeds;
- Commitment of the applicant to fund a portion of the project from sources other than grants from the program, with higher scores for higher amounts of matching funds; and
- The length of time the applicant has been operating Internet services and the location where the applicant has been operating.

Scoring will be undertaken by an independent panel established by DED. Legislation does not provide for specifics for panel members. Projects are deemed ineligible if they are within municipalities with a population of greater than 5,000 residents, within a municipality where more than 50% of the residents have access to existing broadband Internet services, or to areas that have been previously awarded with state or federal broadband grant support.

Within 15 days of the close of the grant application process DED must publish the proposed areas for each application submitted. Broadband internet providers that provide in the proposed areas or provide in adjacent areas may submit a challenge to the application. DED must evaluate every challenge. The challenge must demonstrate that the provider:

- Provides broadband internet service at or above minimum speeds within the proposed area;
- Has begun construction to provide broadband internet within the proposed area; and
- Has committed to provide broadband internet to retail customers within the proposed area within the timeframe proposed and can demonstrate substantial preconstruction activities.

DED must require deployment deadlines for grant recipients. Grants must be awarded to applicants in all regions of the state. LB604 does not specify a maximum grant award.

The requirement to evaluate challenges will necessitate the hiring of attorneys by DED. Oversight of projects will require contract maintenance and administration. No funds are appropriated for this program as of yet. We do not dispute the DED's estimates and find them reasonable.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 604	AM:	AGENCY/POLT. SUB: Department of Economic Development	
REVIEWED BY: Neil Sullivan		DATE: 2/4/2021	PHONE: (402) 471-4179
COMMENTS: The Department of Economic Development assessment of indeterminate impact from LB 604 appears reasonable.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 604	AM:	AGENCY/POLT. SUB Public Service Commission	
REVIEWED BY: Gary Bush		DATE: 2/3/21	PHONE: (402) 471-4161
COMMENTS: No basis to disagree with estimate of possible future fiscal impact to the state.			

Please complete ALL (5) blanks in the first three lines.

2021

LB⁽¹⁾ 604

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Department of Economic Development

Prepared by: ⁽³⁾ Anthony Goins Date Prepared: ⁽⁴⁾ 2/2/2021 Phone: ⁽⁵⁾ 402-471-3777

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2021-22</u>		<u>FY 2022-23</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	<u>(See Below)</u>	<u> </u>	<u>(See Below)</u>	<u> </u>
CASH FUNDS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
FEDERAL FUNDS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
OTHER FUNDS	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL FUNDS	<u>(See Below)</u>	<u> </u>	<u>(See Below)</u>	<u> </u>

Explanation of Estimate:

LB604 adopts the Nebraska Accelerated Broadband Deployment Grant Program Act and makes changes to the Telecommunications Regulation Act and the Telecommunications Universal Service Fund Act. The purpose of the Nebraska Accelerated Broadband Deployment Grant Program is to establish a competitive grant program to award grants directly to Internet service providers. Applicants must apply to DED, which will establish a weighted scoring system to evaluate the applications received each fiscal year. This scoring system will be published on their website. DED will establish an independent panel to score each application. Except if an applicant has previously been approved by the FCC for funding or the Public Service Commission for funding, such applicant shall also be approved regardless of the scoring. The following areas are ineligible for grants under the following situation:

- Areas within a municipality with a population of greater than 5,000 residents
- Areas within a municipality where more than 50% of the residents have access to broadband greater than the minimum speeds.
- Areas that have previously been awarded state or federal broadband grant support unless such award is for incremental speeds.

Within 15 days after the close of the grant application process, DED is required to publish the proposed project areas for each application submitted. Within 45 days after the publication of the information, a broadband internet service provider may submit a written challenge to an application to the department. If a challenge is made to a location, DED has three business days to notify the applicant of a challenge and the applicant has ten business days to provide any supplemental information. DED then evaluates each challenge and response and may deny a challenged application. If a challenge to an application is accepted by DED and the challenger fails to fulfill its commitment, it is prohibited from challenging any application for two grant cycles. As a condition of an award, the department shall require grant recipients to meet reasonable deployment deadlines and other benchmark measures throughout the deployment process.

LB604, as drafted only refers to funding for the grants and administration of the program as “subject to available appropriations,” and gives no indication of the size or number of available grants. The bill would result in new responsibilities for the Department. DED estimates that it will require the services of a DED Program Manager to oversee the program, a financial packager to distribute grants, an attorney II to assist with contracts, loan agreements, research and write rules and regulations for the program and evaluate challenges to applications; and finally a DED business consultant to assist with grant applications, scoring, grant monitoring, and reporting. It is also estimated that DED will need approximately \$75,000 in one-time costs. This includes \$50,000 for developing software for loan applications, and \$25,000 for updates and licensing for the department’s grant management software

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2021-22	2022-23
	<u>21-22</u>	<u>22-23</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
G49550 Econ Dev Manager	0.75	1.0	\$49,660	\$67,860
A49310 Econ Dev Bus Consultant	0.75	1.0	44,570	60,910
A31112 Attorney II	0.75	1.0	50,750	69,350
A49280 Econ Dev Financial Packager	0.75	1.0	44,570	60,910
Benefits.....			75,820	103,620
Operating			121,910	63,810
Travel.....			13,880	25,900
Capital outlay.....			34,400	0
Aid.....				
Capital improvements.....				
TOTAL.....			\$435,560	\$452,360

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2021

LB⁽¹⁾ 604

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Public Service Commission

Prepared by: ⁽³⁾ Laurie Casados Date Prepared: ⁽⁴⁾ 1/27/2021 Phone: ⁽⁵⁾ 402-471-0252

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2021-22</u>		<u>FY 2022-23</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Explanation of Estimate:

This bill is not projected to have fiscal impact to the Public Service Commission during the noted fiscal years.

LB604 would have some measure of impact to the Nebraska Universal Service Fund (NUSF) high cost support paid to telecommunication carriers in the future; however, the extent of the impact and associated dollar amount is not quantifiable at this time.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2021-22</u>	<u>2022-23</u>
	<u>21-22</u>	<u>22-23</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____