

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 2427-01  
Bill No.: HB 1101  
Subject: Economic Development; Economic Development, Department of; Utilities  
Type: Original  
Date: April 2, 2015

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Bill Summary: This proposal establishes the Missouri Rural Broadband Development Fund.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
General Revenue	\$0 to (\$5,839,319)	\$0 to (\$5,851,914)	\$0 to (\$5,853,551)
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0 to (\$5,839,319)</b>	<b>\$0 to (\$5,851,914)</b>	<b>\$0 to (\$5,853,551)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Missouri Rural Broadband Development*	\$0	\$0	\$0
<b>Total Estimated Net Effect on Other State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\* Transfer In and Cost net to zero.

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

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
General Revenue	2 FTE	2 FTE	2 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>2 FTE</b>	<b>2 FTE</b>	<b>2 FTE</b>

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

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>
Local Government	\$0	\$0	\$0

## FISCAL ANALYSIS

### ASSUMPTION

Officials at the **Department of Economic Development (DED)** assumes §620.2610 creates the Missouri Rural Broadband Development Fund, DED assumes the fund will be used to distribute grants to the 19 eligible regional planning commissions. The regional planning commissions will submit grant applications on behalf of eligible rural regional development groups. DED will administer the grants and provide matching funds for applicants up to \$150,000 per grant, with a limit of two grants per regional planning commission. DED assumes a negative impact, depending on the appropriation process, of \$0 - \$5.7 million. (\$150,000 multiplied by 19 regional planning commissions = \$2,850,000 multiplied by 2 grants per commission = \$5,700,000 annually).

DED is requesting 2 additional FTE to help in the administration of this program. The two Economic Development Specialist II will be in charge of reviewing applications, verifying eligibility, and issuing the grants.

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

Officials at the **Office of the State Treasurer** and the **Joint Committee on Administrative Rules** each assume no fiscal impact from this proposal to their respective organizations.

**Oversight** will use the estimates provided by the Department of Economic Development and will show the fiscal impact as \$0 (no appropriation made) to \$5,700,000.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
<b>GENERAL REVENUE</b>			
<u>Transfer Out</u> - Missouri Rural Broadband Development Fund	\$0 to (\$5,700,000)	\$0 to (\$5,700,000)	\$0 to (\$5,700,000)
<u>Cost</u> - DED			
Personal Service	(\$78,213)	(\$94,795)	(\$95,743)
Fringe Benefits	(\$40,675)	(\$49,298)	(\$49,791)
Equipment and Expenses	<u>(\$20,431)</u>	<u>(\$7,821)</u>	<u>(\$8,017)</u>
<u>Total Cost</u> - DED	<u>(\$139,319)</u>	<u>(\$151,914)</u>	<u>(\$153,551)</u>
FTE Change - DED	2 FTE	2 FTE	2 FTE
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>\$0 to</u></b> <b><u>(\$5,839,319)</u></b>	<b><u>\$0 to</u></b> <b><u>(\$5,851,914)</u></b>	<b><u>\$0 to</u></b> <b><u>(\$5,853,551)</u></b>
Estimated Net FTE Change on General Revenue	2 FTE	2 FTE	2 FTE
<b>MISSOURI RURAL BROADBAND DEVELOPMENT FUND</b>			
<u>Transfer In</u> - appropriation from General Revenue	\$0 to \$5,700,000	\$0 to \$5,700,000	\$0 to \$5,700,000
<u>Cost</u> - regional planning commission grants	\$0 to <u>(\$5,700,000)</u>	\$0 to <u>(\$5,700,000)</u>	\$0 to <u>(\$5,700,000)</u>
<b>ESTIMATED NET EFFECT ON MISSOURI RURAL BROADBAND DEVELOPMENT FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

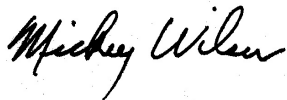
FISCAL DESCRIPTION

This bill establishes the Missouri Rural Broadband Development Fund. This fund consists of appropriated money, gifts, contributions, grants, or bequests made to the fund. The fund is to be used for the development of broadband access in rural areas of the state. For the purposes of the bill "rural areas" are defined as any county except chartered counties of the first classification. The bill directs the Department of Economic Development to establish rules and regulations as well as a committee to evaluate the proposals for a grant submitted by each regional planning commission and to disburse grants in accordance with the purpose of the fund. However, a single grant may not exceed \$150,000.

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  
Office of the State Treasurer  
Joint Committee on Administrative Rules  
Office of the Secretary of State



Mickey Wilson, CPA  
Director  
April 2, 2015

Ross Strobe  
Assistant Director  
April 2, 2015