

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2023-24		FY 2024-25	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS	\$7,500,000		\$7,500,000	
OTHER FUNDS				
TOTAL FUNDS	\$7,500,000		\$7,500,000	

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

LB 733 adopts the Broadband Pole Placement and Undergrounding Fund Act.

Section 2 provides definitions for the Act.

Section 3 creates the Broadband Pole Placement and Undergrounding Fund. The Fund shall be used by the Public Service Commission (PSC) to provide reimbursements to qualified applicants and for administration of the Act.

Section 4 establishes the Broadband Pole Placement and Undergrounding Program, to be administered by the PSC. The PSC shall adopt and promulgate any rules and regulations necessary to administer the program. Certain dollar amount and/or percentages are provided for reimbursements made to applicants.

Section 8 provides Legislative Intent to appropriate \$15 million from federal Funds for fiscal year 2022-23 to the PSC to be used for reimbursements made under the Act. Such Federal Funds are from the funds allocated to Nebraska from the federal Coronavirus State Fiscal Recovery Fund pursuant to the federal American Rescue Plan Act of 2021.

The Public Service Commission estimates the fiscal impact of LB 733 to be \$7,500,000 each year for fiscal years 2023-24 and 2024-25. The bill's provisions specify utilizing \$15,000,000 of federal funds beginning in the current fiscal year (2022-23). For this reason, the federal fund revenue increase shown by the PSC in their response is not shown in the table above. The revenue would be received in FY22-23. That is a fiscal year not included in the table above. It is assumed that the PSC estimates expenditure of said funds in the amount of \$7,500,000 per year beginning in FY23-24. In order to administer the provisions of the Program, the PSC estimates \$181,436 of federal fund expenditures in FY23-24 and \$185,428 in FY24-25. These expenditures would come from the \$7,500,000 appropriation of federal funds in FY23-24 and FY24-25. There is no basis to disagree with these estimates.

The PSC also notes that the bill requires the PSC to seek approval of funding for the program through the National Telecommunications and Information Administration (NTIA) Broadband Equity Access and Deployment (BEAD) program. The PSC assumes BEAD funding would be used in future years to fund the program, and not as a replacement for funds spent from ARPA. It is also noted that the bill assumes a "one-time transfer" of BEAD funds. The BEAD program is a reimbursement only grant program and not available for a one-time transfer.

About \$1.0375 billion of the \$1.04 billion State Coronavirus Fiscal Recovery Funds appropriated to the State of Nebraska have been allocated to other programs, leaving approximately \$2.5 million available.

Technical Note: Section 4(3)(b) contains two instances where "XXX dollars" is included. In order to provide correct parameters regarding reimbursements, specific dollar amounts need to be provided.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 733 AM: AGENCY/POLT. SUB: Secretary of State

REVIEWED BY: Lee Will DATE: 1/28/2023 PHONE: (402) 471-4175

COMMENTS: Concur with the Secretary of State's assessment of no fiscal impact.

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

2023

LB⁽¹⁾ 733

FISCAL NOTE

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

Prepared by: ⁽³⁾ Laurie Casados Date Prepared: ⁽⁴⁾ 1/30/2023 Phone: ⁽⁵⁾ 402-471-0252

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	<u>7,500,000</u>	<u>15,000,000</u>	<u>7,500,000</u>	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>7,500,000</u>	<u>15,000,000</u>	<u>7,500,000</u>	_____

Explanation of Estimate:

LB 733 creates a Broadband Pole Placement and Undergrounding Fund. The bill identifies the Commission as the administering agency for a \$15 million fund for replacing poles, underground infrastructure, and related costs when necessary for broadband deployment. The bill identifies federal Coronavirus State Fiscal Recovery Funds from the American Rescue Plan Act (ARPA) as the funding source, but also requires the Commission to seek approval of funding for the program through the National Telecommunications and Information Administration (NTIA) Broadband Equity Access and Deployment (BEAD) program. The Commission assumes BEAD funding would be used in future years to fund the program, and not as a replacement for funds spent from ARPA. It is important to note that while the language in the bill assumes a “one-time transfer” of BEAD funds, the BEAD program is a reimbursement only grant program, therefore there would not be funds available for a one-time transfer.

The Commission would be responsible for creating an application, receiving and reviewing applications for pole reimbursements, for awarding program reimbursements, and for promulgating rules and regulations necessary for the administration of the program. The Commission would also be responsible for all federal auditing and reporting requirements on a quarterly and annual basis.

An analyst would be required for the development of application materials related to the program, review of applications, and development of website information as required in Section 6 (4) (a),(b), and (c), and for development of the report after funds have been exhausted, as well as ongoing program administration. The Commission would also reallocate existing staff resources, including an Attorney for the promulgation of rules and regulations and managing the program through the Commission docketing process; an Auditor for the auditing and reporting requirements related to use of federal funds; as well as other administrative support staff.

This bill only provides for appropriation for fiscal year 2022-2023. In order for the Commission to establish the program, complete the application process and award grants it would be very unlikely that the grants could be administered and paid out in the current fiscal year. The Commission would require reappropriation in the next biennium to administer this program and fully award out the \$15 million in funding.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
1 Analyst	<u>1</u>	<u>1</u>	<u>65,518</u>	<u>69,449</u>

Shared Services			54,568	55,659
Benefits			52,011	53,740
Operating			9,339	6,580
Travel				
Capital outlay				
Aid			7,318,564	7,314,572
Capital improvements				
TOTAL			7,500,000	7,500,000

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2023

LB⁽¹⁾ 733

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Secretary of State

Prepared by: ⁽³⁾ Joan Arnold Date Prepared: ⁽⁴⁾ 1-20-2023 Phone: ⁽⁵⁾ 402-471-2384

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

No fiscal impact

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____