

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2013-14		FY 2014-15	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	519,506	See Below	116,063	See Below
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	519,506	See Below	116,063	See Below

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

LB 617 changes provisions of the Nebraska Telecommunications Universal Service Fund Act.

Section 2 redefines the purpose of the act to be one that “promotes competition and the development of broadband services over fiber optic or wireless facilities so that all Nebraskans” have comparable accessibility to broadband services at affordable prices. The current purpose is to supplement the federal universal service support mechanisms and ensure that all Nebraskans have such accessibility to telecommunications services.

Section 4 changes the definition of “Telecommunications”. The definition is now for “Broadband” and specifies that transmissions are those using binary digits conforming to Internet protocol at speeds in excess of 5 million binary digits per second bidirectionally.

Section 5 and 6 define “Broadband company” and “Competitive access”, respectively.

Section 7 (7) requires the Public Service Commission (PSC) to “employ competitively neutral broadband experts to develop a broadband plan to optimally incentivize the development of fiber optic and federally authorized wireless service in the state.” The PSC estimates \$400,000 will be needed for contractual services in fiscal year 2013-14 to address this provision. There is no basis to disagree with this estimate.

Section 8 provides that companies utilizing the fund (the existing Universal Service Fund) shall use that support for the construction of identifiable wireless towers. All such construction shall conform to a statewide broadband network design adopted by the commission. In order to adequately address this duty, the PSC would need an additional Engineer. The PSC’s estimate included hiring an FTE, but it is possible that such a position could be addressed contractually. For purposes of this note, hiring an FTE is assumed so that in-house knowledge and expertise are developed and retained. The need for such a position appears reasonable.

Section 8(2)(d) provides for a reducing cap on surcharge collection rates. The surcharge shall not exceed 6.95% through December 31, 2018, 5.5% through December 31, 2019, 4.4% through December 31, 2020, and 3.5% on and after January 1, 2021. This will result in lower revenue collection, but that amount cannot be determined at this time.

Section 11(3) exempts the state and all political subdivisions from the surcharge. This, too, will reduce collections. Detailed information to quantify this impact is not available.

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2013

LB⁽¹⁾ 617 FISCAL NOTE

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

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ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2013-14</u>		<u>FY 2014-15</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	519,506	_____	116,063	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>519,506</u>	<u>_____</u>	<u>116,063</u>	<u>_____</u>

Return by date specified or 72 hours prior to public hearing, whichever is earlier.

Explanation of Estimate:

Section 7, subpart (7) requires the Commission to employ competitively neutral broadband experts to develop a broadband plan to incentivize the deployment of fiber optic and wireless service in the State. To obtain the additional expertise for these duties, we estimate that \$400,000 will be needed for contractual services. This estimate is based on our understanding that the cost for developing the National Broadband Plan was \$20,000,000.

Section 8 subpart (1) provides that the broadband company that receives support from the Universal Service Fund shall use the support only for construction that conforms to the statewide broadband network design adopted by the Commission. To carry out the duties of creating this network design, the Commission would need an additional Engineer on staff. Included in the estimated impact is an FTE for that purpose however, it may be feasible to obtain these services from contractual services as well.

Section 10, subpart (1), requires that the Commission annually publish its public hearing for purposes of determining the level of the fund. This notice shall be made in at least one newspaper in each county for three consecutive weeks prior to holding the hearing. Using an estimate of \$20 per publication, and 87 newspaper notices for 3 consecutive weeks, our estimate of the publication costs for these notices is \$5,220.

Section 11, subpart (3), of the proposal exempts the State, and all political subdivisions from the payment of any surcharge. This will reduce the proceeds being generated to the fund, since these entities are currently remitting the surcharge. However, we do not have the detailed information to quantify the impact that this exemption will have on the fund.

MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2013-14</u>	<u>2014-15</u>
	<u>13-14</u>	<u>14-15</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Engineer	1.0	1.0	82,974	86,700
Benefits.....			23,783	24,384
Operating.....			409,049	3,979
Travel.....			1,000	1,000
Capital outlay.....			2,700	
Aid.....				
Capital improvements.....				
TOTAL.....			519,506	116,063

