Multiple Agency Fiscal Note Summary

Bill Number: 5175 SB	**Title:** Economic revitalization bd

Estimated Cash Receipts

NONE

Agency Name	2021-23		2023-25		2025-27	
	GF- State	Total	GF- State	Total	GF- State	Total
Local Gov. Courts						
Loc School dist-SPI						
Local Gov. Other	No fiscal impact					
Local Gov. Total						

Estimated Operating Expenditures

Agency Name	2021-23				2023-25				2025-27			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Department of Commerce	.0	0	0	0	.0	0	0	0	.0	0	0	0
Total $	**0.0**	**0**	**0**	**0**	**0.0**	**0**	**0**	**0**	**0.0**	**0**	**0**	**0**

Agency Name	2021-23			2023-25			2025-27		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	No fiscal impact								
Local Gov. Total									

Estimated Capital Budget Expenditures

Agency Name	2021-23			2023-25			2025-27		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Department of Commerce	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Total $	**0.0**	**0**	**0**	**0.0**	**0**	**0**	**0.0**	**0**	**0**

Agency Name	2021-23			2023-25			2025-27		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Local Gov. Courts									
Loc School dist-SPI									
Local Gov. Other	No fiscal impact								
Local Gov. Total									

Estimated Capital Budget Breakout

Department of Commerce	Non-zero but indeterminate cost and/or savings. Please see discussion.

FNPID: 61672

FNS029 Multi Agency rollup

Prepared by: Myra Baldini, OFM	**Phone:** (360) 688-8208	**Date Published:** Final 2/ 4/2021

Individual State Agency Fiscal Note

Revised

Bill Number: 5175 SB	Title: Economic revitalization bd	Agency: 103-Department of Commerce

Part I: Estimates

☐ **No Fiscal Impact**

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:
NONE

Estimated Capital Budget Impact:

Non-zero but indeterminate cost and/or savings. Please see discussion.

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

☒ If fiscal impact is greater than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

☐ If fiscal impact is less than $50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).

☒ Capital budget impact, complete Part IV.

☐ Requires new rule making, complete Part V.

Legislative Contact:	Kellee Gunn	Phone: 786-7429	Date: 01/14/2021
Agency Preparation:	Leslie Wolff	Phone: (360) 725-2973	Date: 02/02/2021
Agency Approval:	Joyce Miller	Phone: 360-725-2710	Date: 02/02/2021
OFM Review:	Myra Baldini	Phone: (360) 688-8208	Date: 02/04/2021

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

Section 1. This section lays out legislative intent.

Section 2(1) adds a new section to 43.160 RCW stating subject to capital budget appropriation, the Community Economic Revitalization Board (CERB) is authorized to make broadband loans and grants to local governments and federally recognized tribes in order to finance high speed, open access broadband infrastructure. No more than fifty percent of authorized financial assistance may consist of grants.

Section 2(2) states an application for funding must be made in the form and manner as the board may prescribe. Financial assistance may not be provided to any project where the primary purpose is to promote gambling. Projects should drive job creation and serve local needs. Applications must be approved by the local government, local ADO or governing body for tribes. "De minimis general system improvements" can be funded if critical to the project and CERB considers demonstration of the projects value to the community, economic feasibility, local match and participation, inclusion of the project in applicable state plans and project readiness.

Section 2(3) requires an official representing the applicant to be present during board deliberations.

Section 2(4) states that prior to an award, the applicant must demonstrate that no other reasonably similar funding is available in a timely manner.

Section 2(5) defines "broadband" for this section of RCW.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

This bill has no fiscal impact associated with the administration of the grants.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

NONE

III. B - Expenditures by Object Or Purpose

NONE

III. C - Operating FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

NONE

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

Non-zero but indeterminate cost and/or savings. Please see discussion.

IV. B - Expenditures by Object Or Purpose

Non-zero but indeterminate cost and/or savings. Please see discussion.

IV. C - Capital Budget Breakout

Identify acquisition and construction costs not reflected elsewhere on the fiscal note and describe potential financing methods

Non-zero but indeterminate cost and/or savings. Please see discussion.

IV. D - Capital FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part IVB*

NONE

In the March 2018, the supplemental capital budget, (ESSB 6095) section 1008 included the CERB administered Rural Broadband Program as a proviso. CERB staff already manages the program within Core CERB operating costs. This bill moves program authority into CERB's statute.

The impact to the department for this legislation is as follows:
Administration Cost-No Fiscal Impact
Grant Cost-Indeterminate-The level of funding made available by the department will be determined by the appropriation received.

Part V: New Rule Making Required

LOCAL GOVERNMENT FISCAL NOTE

Department of Commerce

Bill Number: 5175 SB	**Title:** Economic revitalization bd

Part I: Jurisdiction-Location, type or status of political subdivision defines range of fiscal impacts.

Legislation Impacts:

- ☐ Cities:
- ☐ Counties:
- ☐ Special Districts:
- ☐ Specific jurisdictions only:
- ☐ Variance occurs due to:

Part II: Estimates

- ☒ No fiscal impacts.
- ☐ Expenditures represent one-time costs:
- ☒ Legislation provides local option: Applications to the Community Economic Revitalization Board for broadband infrastructure grants and loans would be under taken by jurisdictions as a local option.
- ☐ Key variables cannot be estimated with certainty at this time:

Estimated revenue impacts to:

None

Estimated expenditure impacts to:

None

Part III: Preparation and Approval

Fiscal Note Analyst: Jordan Laramie	Phone: 360-725-5044	Date: 01/26/2021
Leg. Committee Contact: Kellee Gunn	Phone: 786-7429	Date: 01/14/2021
Agency Approval: Allan Johnson	Phone: 360-725-5033	Date: 01/26/2021
OFM Review: Gwen Stamey	Phone: (360) 902-9810	Date: 01/26/2021

Part IV: Analysis

A. SUMMARY OF BILL

Provide a clear, succinct description of the bill with an emphasis on how it impacts local government.

This legislation would create an appropriated loan and grant program under the authority of the Community Economic Revitalization Board (CERB). This program would make broadband infrastructure loans and grants to local governments and federally recognized Indian tribes. CERB's financial assistance to local governments and federally recognized Indian tribes in the form of grants, cannot be more than fifty percent of all financial assistance authorized by CERB in any biennium.

Sec. 2: A new section is added to RCW 43.160 (Economic Development—Public Facilities Loans and Grants)
(1) The Community Economic Revitalization Board is authorized to make broadband loans and grants to local governments and to federally recognized Indian tribes for the purpose of financing the cost to building infrastructure to provide high-speed, open access broadband services for the purpose of economic or community development.
(2) Outlines CERB's requirements to consider when issuing grants and/or loans for broadband infrastructure projects. These requirements include whether the project encourages, fosters, develops, and improves broadband services in the state including de minimis general system improvements that are critically linked to the viability of the project.
(3) An official of the local government or federally recognized Indian tribe must be present during CERB deliberations and provide information to the board.
(4) Before any financial assistance is approved by CERB, the local government or federally recognized Indian tribe that is seeking assistance must demonstrate to CERB that no other source of funding is available to it at costs reasonably similar to the financing available from the board.

BACKGROUND
In 2018, the Legislature provided CERB with $10 million to administer grants and loans for infrastructure for high-speed, open-access broadband service with a minimum of 25 megabits per second download speed in rural and underserved counties and communities for the purpose of economic development or community development. The following biennium, the 2019-2021 capital budget provided $3.45 million to continue broadband projects funded from the 2017–19 appropriations. (Senate Bill Report SB 5175)

CERB's Rural Broadband program invested $11.7 million dollars from 2018 to 2020 in 13 projects for 43 communities. The Rural Broadband program financed the construction of 5 service towers and laid 292 miles of fiber for a total of 13,972 rural community connections. 15% of project applicants were from Indian tribes, 23% were from special purpose districts, and 62% were from ports, from 2018 to 2020. (2021 CERB Legislative Priorities)

B. SUMMARY OF EXPENDITURE IMPACTS

Briefly describe and quantify the expenditure impacts of the legislation on local governments, identifying the expenditure provisions by section number, and when appropriate, the detail of expenditures. Delineate between city, county and special district impacts.

There would be no expenditure impacts to local governments as a result of this legislation. Local governments that apply for CERB broadband loans or grants would be doing so
as a local option.

C. SUMMARY OF REVENUE IMPACTS

Briefly describe and quantify the revenue impacts of the legislation on local governments, identifying the revenue provisions by section number, and when appropriate, the detail of revenue sources. Delineate between city, county and special district impacts.

There would be no expenditure impacts as a result of this legislation.

Local governments that would be applying for loans or grants from CERB would be doing so as a local option. The total financial assistance that CERB is authorized to distribute is not currently known and would subject to the availability of amounts appropriated by the legislature for broadband infrastructure projects. No more than 50% of the financial assistance would be in the form of grants, the rest would be in the form of loans.

Sources:
Community Economic Revitalization Board
Community Economic Revitalization Board, 2021 CERB Legislative Priorities
Senate Bill Report SB 5175 (2021)