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## FISCAL IMPACT REPORT

<b>SPONSOR</b>	<u>Candelaria</u>	<b>ORIGINAL DATE</b>	01/28/14	
		<b>LAST UPDATED</b>	02/20/14	<b>HB</b>
<b>SHORT TITLE</b>	<u>Study State Building Broadband Infrastructure</u>			<u>4/aSRC/aSCORC/SFI#1/aHBIC</u>
				<b>SJM</b>
		<b>ANALYST</b>	<u>Boerner</u>	

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY14	FY15	FY16	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>		None	None	None		

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Department of Information Technology (DoIT)  
 New Mexico State University (NMSU)  
 University of New Mexico (UNM)

### SUMMARY

#### Synopsis of HBIC Amendment

The House Business and Industry Committee amends the bill to name a representative of New Mexico Highlands University as a member of the proposed task force to study the appropriate role of the state in building broadband infrastructure.

#### Synopsis of SFI Amendment #1

The Senate Floor Amendment #1 amends page 2, line 23 to include a representative of the wireless industry as a member of the proposed task force to study the appropriate role of the state in building broadband infrastructure.

#### Synopsis of SCORC Amendment

The Senate Corporations and Transportation Committee amends page 2, line 23 to include a representative of the incumbent rural telephone carriers as a member of the proposed task force to study the appropriate role of the state in building broadband infrastructure.

Synopsis of SRC Amendment

The Senate Rules Committee amends page 2, line 20 to include a representative of the franchise cable industry and a representative from the Department of Information Technology as members of the proposed task force to study the appropriate role of the state in building broadband infrastructure.

Synopsis of Original Bill

Senate Joint Memorial 4 would create a task force to study the appropriate role of the state in building broadband infrastructure so that all New Mexicans have access to a broadband network. The task force is to be composed of a representative of the Legislative Finance Committee (LFC), a representative of the Science, Technology and Telecommunications Committee (STTC), a representative of the New Mexico Finance Authority (NMFA), and experts in broadband technology infrastructure who represent the University of New Mexico, New Mexico State University and the New Mexico Institute of Mining.

The New Mexico Legislative Council is tasked with appointing the legislative members of the group and the LFC, STTC, NMFA are requested to hear testimony and recommendations of the task force.

Copies of SJM 4 are to be distributed to the UNM, NMSU and the New Mexico Institute of Mining.

**FISCAL IMPLICATIONS**

None noted.

**SIGNIFICANT ISSUES**

Agency responses for SJM 4 note the lack of broadband availability in New Mexico can only exacerbate some of the state's most pressing challenges such as poverty and access to technology, lagging economic development and poor student achievement. The 2010 Census estimates indicate New Mexico has the lowest technology adoption rate of all states, at 64 percent.

While significant efforts are underway and some progress has been made, expanding broadband across the state requires leadership at the state level to facilitate necessary strategic planning and resource leveraging to identify and achieve statewide goals for broadband access.

In short, the consensus is that the state can play an important role in the development of statewide broadband accessibility through strategic planning, leveraging resources and establishing structural funding methods for statewide "common good" infrastructure and SJM 4 is a good initial step.

An example of ongoing work toward achieving expanded broadband in the state is the New Mexico Broadband Program (NMBBP) managed by DoIT. DoIT is in the fifth (and last year) of this state/federal collaborative to create and implement portions of a statewide broadband strategic plan. NMBBP has developed and launched a number of initiatives that include bringing

together a collaborative framework of federal, state, local, and private participation that includes a broadband executive committee and a statewide broadband working group of over thirty participants. You can find the NMBBP portal link here: <http://www.doit.state.nm.us/broadband/>

NMBBP initiatives include the negotiation of over forty non-disclosure agreements with telecom carriers to access their data twice yearly and process this customer information into an online interactive public access “NM Broadband Map.” This map illustrates broadband availability throughout the state including provider and technology types. You can find the map here: <http://nmbbmapping.org/mapping/>

Additionally, in November 2013 NMBBP issued *The New Mexico Broadband Program Broadband Assessment and Recommendations: Education, Healthcare, and Economic Development*. Below are some of the NMBBP recommendations for the state.

- Pursue a state buying cooperative to purchase bandwidth for educational, healthcare, and public safety facilities. The work should take place in collaboration with existing private industry providers;
- Improve the distribution and acquisition of state and federal government funds for broadband;
- Create a revenue source for federal broadband matching funds as well as long-term infrastructure investments;
- Provide consistent and cost-effective connectivity for all schools by establishing a statewide educational network to provide and manage broadband backbone connectivity from the K-12 school district to the internet, university networks, and other regional services;
- Develop a central online data warehouse on telehealth and health information exchange services, utilization, and impact;
- Prepare a five-year plan of business-sector broadband needs, costs, and priorities with annual updates emphasizing physical and financial capabilities and gaps, including a cost benefit analysis.

## **OTHER SUBSTANTIVE ISSUES**

The NMBBP has completed a number of documents that define and stratify the need for broadband in New Mexico from a spatial and socio-economic perspective. Reports that are supporting implementation efforts include the “Statewide Broadband Summit: Final Report”, the “NM Community Broadband Master Plan Guidebook”, and the “NM Broadband Subscription and Internet Use in New Mexico”. The most recent publication is the “NM State Broadband Assessment and Recommendations: Education, Healthcare, and Economic Development”. This is an essential document that defines not only the State’s role in expanding broadband infrastructure, yet the requirements for a Statewide Implementation Strategy that includes all layers of governance and private industry. Of note, the NMBBP is now preparing a “New Mexico Broadband Strategic Planning” report due later this year that will be more inclusive than the recently released report that focuses on the three major business sectors of Education, Health, and Economic Development.

Appropriate links to the above:

- NMBBP Summit Report:  
[http://www.doit.state.nm.us/broadband/reports/Broadband\\_Summit\\_Report\\_FINAL.pdf](http://www.doit.state.nm.us/broadband/reports/Broadband_Summit_Report_FINAL.pdf)
- NMBBP Community Guide:

[http://www.doit.state.nm.us/broadband/reports/NM\\_Broadband\\_Guidebook\\_v1\\_1\\_final.pdf](http://www.doit.state.nm.us/broadband/reports/NM_Broadband_Guidebook_v1_1_final.pdf)

- NMBBP Internet Use:  
[http://www.doit.state.nm.us/broadband/reports/NMBBP\\_bb\\_use\\_0613.pdf](http://www.doit.state.nm.us/broadband/reports/NMBBP_bb_use_0613.pdf)
- NMBBP Recommendations:  
[http://www.doit.state.nm.us/broadband/reports/NMBBP\\_Report\\_Assess\\_Recommendations.pdf](http://www.doit.state.nm.us/broadband/reports/NMBBP_Report_Assess_Recommendations.pdf)

The administration of the NM Broadband Program has been conducted from DoIT with many successes. Funding for the NMBBP terminates on December 31, 2014. Currently, additional sustainable funding sources are under consideration. Additional sources of funding could be used to continue the planning and implementation of an integrated statewide broadband program that will support additional infrastructure construction, digital literacy training, grant administration, and continuance of a collaborative framework are under consideration.

## **PERFORMANCE IMPLICATIONS**

UNM notes that it (along with New Mexico Tech and NMSU) plays a substantive role in campus, metro, state, regional and national research networks. In order to accomplish research, education, patient care, community and economic development mission, state universities are highly vested in the expansion of broadband across New Mexico especially in support of the higher education mission.

Although many New Mexicans gain access to the internet via cable, DSL, and satellite service offerings at minimal broadband speeds, the need for higher speed connections up to and beyond 1 gigabit (GB) for K-20 education, public libraries, municipal organizations, and other non-profit organizations is critical to serving the public good.

While significant progress has been made in the last 10 years, and this progress has delivered benefits to many communities, individual institutions cannot effectively fund the common infrastructure that would benefit multiple institutions. Joint projects to leverage common assets are difficult to align and prioritize, local technology issues trump state common good investments and discounts that could be accrued with volume purchases are not realized.

As a result, the state spends more than it should and realizes fewer benefits. Additional barriers include lack of technical skills in many communities and schools, no structural agreements regarding rights of way, and affordability and availability of commercial service providers.

## **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

The NM Broadband Program will proceed with current initiatives that are parallel to the intent of the memorial; however, the state may continue to suffer from the lack of strategic planning, resource leveraging and structural funding methods for statewide “common good” infrastructure.

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