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FISCAL IMPACT REPORT

SPONSOR Sweetser/Allison **ORIGINAL DATE** 2/28/2019
LAST UPDATED _____ **HB** 9

SHORT TITLE Broadband Infrastructure Advisory Committee **SB** _____

ANALYST Rabin

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY20	FY21		
\$10,000.0		Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY19	FY20	FY21	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	See Fiscal Implications				Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to HB534, SB354

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Information Technology (DoIT)
 Department of Health (DOH)
 Economic Development Department (EDD)
 Aging and Long-Term Services Department (ALTSD)

SUMMARY

Synopsis of Bill

House Bill 9 appropriates \$10 million from the general fund to the broadband infrastructure development fund to provide grants and loans to support rural broadband infrastructure.

HB9 amends the DoIT Act to establish the broadband infrastructure development fund to provide grants and loans to local governments for the provision of broadband service to rural areas, which it defines as any part of the state that is not 1) an H class county, 2) the state fairgrounds,

3) an incorporated municipality with a population of 50,000 or more within a metropolitan statistical area, or 4) within ten miles of the exterior boundaries of such a municipality). The fund will be administered by DoIT and can provide grants of up to \$50 thousand to local governments for broadband study and planning purposes (for which a local match of at least 50 percent is required) and loans for the construction and installation of broadband infrastructure. The bill instructs DoIT to establish rules for the evaluation of applications for grants and loans from the fund.

The bill also creates the Broadband Infrastructure Advisory Committee to develop recommendations regarding the awarding of such funding. The committee would include, at a minimum:

- Secretary (or designate) of DoIT;
- Secretary (or designate) of the Aging and Long-Term Services Department (ALTSD);
- Director of DoIT's Office of Broadband and Geospatial Initiatives;
- Director of a rural public safety answering point;
- Person responsible for a remote learning program in a public school system or a post-secondary public education institution;
- Representative from an economic development organization in a county with 50 percent or more of its jurisdiction in rural areas; and
- Representative of an Indian nation, tribe or pueblo.

The bill also authorizes public entities to enter into public-private partnership agreements for broadband infrastructure, but requires that 1) the public partner make a formal determination that a public-private partnership arrangement will significantly reduce the time or cost of delivering broadband service compared to standard procurement processes, 2) if the public partner provides 50 percent or more of the total cost of the project or provides \$5 million or more, the private partner must provide a minimum of 25 years of broadband service, and 3) in the case of a material default, the infrastructure shall revert to the public partner.

FISCAL IMPLICATIONS

The appropriation of \$10 million contained in this bill is a nonrecurring appropriation to the general fund. Any unexpended balance remaining at the end of FY20 shall not revert.

DoIT asserts its Office of Broadband and Geospatial Initiatives is unfunded and will require additional funding from the general fund to add 3 FTE and sustain statewide broadband initiative support, which the agency estimates would require an additional appropriation \$500 thousand in FY20 and \$3 million in FY21. However, as of February 1, DoIT had 80 vacant positions (39 percent of its total positions), all of which are fully funded in the FY19 operating budget and the FY20 LFC/HAFC budget recommendation. DoIT could reclassify some of its 80 funded vacant positions to support broadband initiatives without requiring additional general fund appropriations. In its FY19 budget request, DoIT requested a \$500 thousand expansion for 3 FTE for its broadband program; LFC's FY19 budget recommendation suggested the state work with the State Personnel Office to explore reclassifying vacant positions for this purpose.

SIGNIFICANT ISSUES

DOH notes it has a presence in every county within the state and provides care management programs and direct health care services through public health offices, Women, Infant and Children (WIC) clinics, vital records offices, and health care facilities. According to the department, many of these locations have poor or no broadband services that affect the services DOH's ability to deliver service, sometimes preventing clients from receiving their benefits when they come into the office. DOH also states it has a limited number of health care providers to see clients at remote locations, and at times a health care provider must drive several hours in each direction to see one or two clients at a rural health office, thus delaying other location visits. The agency states that HB9 takes into consideration the need for telemedicine as relating to the need for broadband infrastructure improvement and provide a resource DOH could use to address some of these issues.

DOH notes that the advisory committee minimum membership does not include anyone with telehealth/telemedicine expertise or with public health and health status expertise, and it may be desirable to include such a representative. In addition, the agency notes that the committee includes only a single representative of an Indian nation, tribe, or pueblo; however, the 23 federally-recognized tribes, pueblos, and nations in New Mexico are distinct, with their own leadership and unique needs, and the agency adds that broader tribal representation beneficial to ensuring the needs of different tribal communities are addressed.

DOH states that there are federal programs that provide matching dollars for broadband infrastructure, services, and telehealth, but it is often difficult to use state general funds from agency operating budgets as matching funds. The agency notes that a broadband infrastructure development fund could help provide these matching funds.

PERFORMANCE IMPLICATIONS

DOH states that HB9 would allow the agency to address its broadband and infrastructure shortfalls and provide better access to health care with improved ability to use telecommunications, and is related to the DOH Strategic Plan in that it will improve the health status for New Mexicans.

ADMINISTRATIVE IMPLICATIONS

The Broadband Infrastructure Advisory Committee includes a representative from ALTSD (the secretary or secretary's designee), which will create additional duties for that representative.

RELATIONSHIP

HB9 relates to House Bill 534, which enacts the public-private partnership act, the public-private partnership board, and the public project fund to allow state and local governments to enter into partnerships with private sector entities for infrastructure projects related to transportation or broadband telecommunications network facilities.

HB9 relates to Senate Bill 354, which prohibits certain restrictions on and establishes new requirements for coverage of medical services provided by telemedicine.

TECHNICAL ISSUES

On page 9, line 2, suggest inserting the word “area” after the word “service.”

OTHER SUBSTANTIVE ISSUES

DoIT suggests it may be advisable to establish an appeals process for applications under this bill.

ER/sb