

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current and previously issued FIRs are available on the NM Legislative Website (www.nmlegis.gov) and may also be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

SPONSOR Larrañaga /Padilla ORIGINAL DATE 01/25/16
LAST UPDATED _____ HB 170

SHORT TITLE Study Broadband Infrastructure Expansion SB _____

ANALYST Boerner

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY16	FY17		
	\$950.0	Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Information Technology (DoIT)

Economic Development Department (EDD)

SUMMARY

Synopsis of Bill

House Bill 170 appropriates \$950 thousand from the general fund for a study to determine the technical, engineering, administrative, financial and public-private options for a comprehensive, statewide broadband infrastructure plan to meet businesses' current and future broadband access needs and select the best options for meeting those needs with a focus on high-priority and underserved rural areas.

FISCAL IMPLICATIONS

The appropriation of \$950 thousand contained in this bill is a nonrecurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2017 shall revert to the general fund.

SIGNIFICANT ISSUES

EDD points out the lack of an implementation plan to address broadband shortcomings throughout the state is obvious and that the appropriation contained in this bill would be a first step towards identifying gaps and designing a plan for expanding broadband infrastructure in a manner that would provide the greatest impact for the least cost. It would be critical the study include an implementation plan as to where the infrastructure should be placed, not just where the gaps exist; an implementation plan is vital to the success of long term planning for broadband.

PERFORMANCE IMPLICATIONS

DoIT notes there is a wide availability of contractors capable of conducting the study and that completing the study in a timely manner poses no problems.

Implementing adequate broadband services in high priority, underserved rural areas within a one year time frame would require an accurately defined project with minimal barriers.

DoIT would have within existing resources the capacity to manage the contract for a study as described in this bill. DoIT staff would assist the contractor in identifying cost effective infrastructure migration strategies and most cost effective partnerships. To be successful, DoIT would have to review all technical detail provided by the implementation study and any resulting rural area projects for feasibility and compliance.

ADMINISTRATIVE IMPLICATIONS

DoIT notes the department has a Broadband Program within the Compliance and Project Management Program that includes a strong statewide coordinative framework. This includes an executive and working group structure to help ensure strategic implementation is coordinated with other broadband projects to include education, health, government, public safety and residential. DoIT also maintains close relationships with the provider industry and has technical staff to review projects on merit and feasibility.

ALTERNATIVES

DoIT notes an alternative would be to expand the existing Broadband Program within the department's Compliance and Project Management Program to allow it to conduct such a study and broaden the department's efforts to support coordination of broadband efforts state wide.

CB/al/jle