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## FISCAL IMPACT REPORT

**ORIGINAL DATE**  
**SPONSOR** Smith **LAST UPDATED** 3/8/17 **HM** 96

**SHORT TITLE** Federal Funding & Broadband Stimulus Funding **SB** \_\_\_\_\_

**ANALYST** Martinez

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

|              | FY17 | FY18              | FY19              | 3 Year Total Cost | Recurring or Nonrecurring | Fund Affected     |
|--------------|------|-------------------|-------------------|-------------------|---------------------------|-------------------|
| <b>Total</b> |      | See Fiscal Impact | See Fiscal Impact | See Fiscal Impact | See Fiscal Impact         | See Fiscal Impact |

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicate to SM 60

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Department of Information Technology  
 Economic Development Department

### SUMMARY

#### Synopsis of Bill

House Memorial 96 urges New Mexico’s congressional delegation to ensure that New Mexico gets at the minimum its pro-rata share of stimulus money for New Mexico for all infrastructures specifically broadband telecommunications infrastructure. It also notes that the need in rural New Mexico and tribal land maybe higher than other areas in the country.

This also creates a broadband task force to be created once federal funding is made available. This task force will be made up of, “representatives from the office of the governor, the public regulation commission, Indian nations, tribes and pueblos, the New Mexico municipal league, the New Mexico association of counties and other interested parties.”

The task force is charged with only endorsing grants that will fill identified gaps in infrastructure in rural areas and tribal land. The task force will also be required to report to a legislative interim committee on all awarded and pending grants.

## **FISCAL IMPLICATIONS**

This memorial has no direct fiscal impact on the Department of Information Technology (DoIT) or the Economic Development Department. However, DoIT states that future federal funding could aid or inhibit DoIT's current or future broadband initiatives. Potential DoIT representation on the broadband task force would likely be covered by the existing operating budget.

The cost of involvement for members of departments participating in the taskforce would need to be absorbed by those department's operating budgets.

## **SIGNIFICANT ISSUES**

The Department of Information Technology (DoIT) provided the following significant issues:

DoIT is directly involved in many of the current broadband initiatives and projects within the state. Not including DoIT representation in the broadband task force established by this memorial deprives the task force of necessary expertise to avoid redundancy or conflicts that might arise from such funding.

This memorial is directed at infrastructure stimulus, and as such emphasizes the need for funding for "broadband infrastructure" (which is not defined). However, broadband infrastructure is not the only thing required to obtain Internet access; other critical broadband expenditures (such as Internet access services and/or internal networking equipment) are equally important. It could be useful to consider other broadband needs in this memorial.

In the past, the ability to leverage federal funding has been impeded by a lack of available state matching funds. This could be a potential issue under this scenario.

The Economic Development Department states that the memorial does not outline what it means for a grant to be "deemed vital to filling gaps of broadband coverage in the state."

## **PERFORMANCE IMPLICATIONS**

The memorial creates a round of review in addition to that required by federal and state laws and guidelines. The memorial may add to the time required for organizations, municipalities, departments etc. applying for federal monies.

## **OTHER SUBSTANTIVE ISSUES**

Future federal funding that might aid in broadband or other infrastructure development may not be referred to as "stimulus funding." DoIT recommends defining this term so that this memorial applies to any funding that meets the intended definition, regardless of what it is called.

In order to clearly understand guidelines and expectations, it would also be useful to define:

- Broadband telecommunications infrastructure
- Broadband networks
- Broadband services

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

DoIT will continue to facilitate and coordinate broadband initiatives statewide including looking for opportunities to leverage federal funding opportunities.

Groups, townships, municipalities, etc. would remain eligible for federal stimulus monies and will not have to undergo a round of review in addition to that required by current federal and state laws.

JM/jle