

## Legislative Fiscal Office

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## Joint Committee on Ways and Means

Sen. Betsy Johnson, Senate Co-Chair  
Sen. Elizabeth Steiner Hayward, Senate Co-Chair  
Rep. Dan Rayfield, House Co-Chair

Sen. Jackie Winters, Senate Co-Vice Chair  
Rep. David Gomberg, House Co-Vice Chair  
Rep. Greg Smith, House Co-Vice Chair

**To:** Transportation and Economic Development Subcommittee

**From:** Kim To, Legislative Fiscal Office

**Date:** June 11, 2019

**Subject:** HB 2173 – Relating to broadband  
Work Session Recommendations

HB 2173 repeals the sunset date on the Oregon Broadband Advisory Council and creates the Oregon Broadband Office within the Oregon Business Development Department (OBDD) charged with supporting broadband infrastructure deployment, including awarding and managing funds allocated to OBDD for use by the office to support broadband projects. A representative of the Department of Transportation is added to Council membership.

Oregon Business Development Department estimates the fiscal impact of this bill to be \$943,119 Total Funds [\$178,180 Lottery Funds and \$764,939 Other Funds] and 4 positions (3.25 FTE) for the 2019-21 biennium; and \$1,081,359 Other Funds and 4 positions (4.00 FTE) for the 2021-23 biennium. Administrative costs include salary and related expenses for one Principal Executive Manager E position (1.00 FTE), two Operations and Policy Analyst 4 positions (1.63 FTE) and one Procurement Specialist 2 (0.63 FTE) position to administer the broadband service infrastructure grants and loans program. Services and Supplies include \$60,000 for Attorney General fees and \$200,000 for Professional Services to cover contracted services to evaluate and assess the evolving broadband needs throughout Oregon. Lottery Funds allocated from the Administrative Services Economic Development Funds will support the first six months of the Broadband Office costs, with Other Funds available from transfers to the Broadband Fund, established in HB 2184, are anticipated to support costs for the remainder of the biennium.

Special Payments for the 2019-21 biennium includes a \$1 Other Funds place marker for broadband service infrastructure loans and grants. After submission of the broadband plan in the February 2020 session, the Legislature may increase expenditure limitation.

The measure previously had hearings in the House Committee on Economic Development on 2/11/2019, 2/18/2019, and 2/27/2019, and was reported out with a do pass recommendation.

## **Budget Note**

LFO recommends the following budget note:

The Oregon Business Development Department, in coordination with the Oregon Broadband Advisory Council, is directed to submit a plan for the broadband program to the Joint Committee on Ways and Means during the February 2020 legislative session.

The plan should include:

- Detailed information on areas in Oregon lacking broadband infrastructure, including identified gaps, barriers, and solutions to broadband deployment in underserved and unserved areas;
- Best practices to promote and coordinate public-private partnerships;
- Identified federal and private broadband funding opportunities; and
- Criteria developed to prioritize and maximize the state's investment in broadband service infrastructure.

**Accept** LFO Recommendation:

**MOTION:** I move the LFO recommendation on Budget Notes. (VOTE)

**OR**

**Change** LFO Recommendation (any changes must be approved by the co-chairs):

**MOTION:** I move the LFO recommendation on Budget Notes, with modifications. (VOTE)

## **Recommended Changes**

The -A5 is the combined -A3 and -A4 which includes: (1) language to specify that moneys in the Connecting Oregon Schools Funds can be used to provide matching funds for education service districts, public charter schools, or a consortium that is any combination of school districts, education service districts, and public charter school for the purpose of providing broadband access to eligible education facilities in Oregon; and (2) an expenditure limitation for the Oregon Business Development Department.

LFO recommends adoption of the -A5 amendment.

**MOTION:** I move adoption of the -A5 amendment to HB 2173. (VOTE)

**Final Subcommittee Action**

LFO recommends that HB 2173, as amended by the -A5 amendment, be moved to the Ways and Means Full Committee.

**MOTION: I move HB 2173, as amended, to the Full Committee with a do pass recommendation. (VOTE)**

**Carriers**

Full Committee: \_\_\_\_\_

House Floor: \_\_\_\_\_

Senate Floor: \_\_\_\_\_