

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 4079 - A

80th Oregon Legislative Assembly – 2020 Regular Session
Legislative Fiscal Office

*Only Impacts on Original or Engrossed
Versions are Considered Official*

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Measure Description:

Modifies definitions applicable for purposes of universal service surcharge.

Government Unit(s) Affected:

Oregon Business Development Department (OBDD), Public Utility Commission (PUC)

Summary of Fiscal Impact:

The administrative costs related to the measure are already included in the Oregon Business Development Department’s legislatively adopted budget - See explanatory analysis.

Analysis:

The measure would establish the Broadband Fund. It would transfer the lesser of \$5 million or the remaining unobligated moneys deposited in the Public Utility Commission’s (PUC) universal service fund—after designation of up to \$28 million to ensure basic telephone service—from the universal service fund to the Oregon Business Development Department (OBDD) for deposit in the Broadband Fund. Moneys in the Broadband Fund would be continuously appropriated to OBDD to be used only for providing grants or loans through, or for administering, the Oregon Broadband Office and the program to assist eligible applicants with projects for the planning and development of broadband service infrastructure. It would direct OBDD to establish by a rule a program to provide grants or loans to assist eligible applicants with projects for the planning and development of broadband service infrastructure, digital literacy (including cybersecurity), digital inclusion, and digital adoption. OBDD would be required to report annually to an interim legislative committee related to telecommunications on the status of the Broadband Fund. The measure would sunset on January 2, 2030, at which time the Broadband Fund would be terminated, and any unexpended and unobligated moneys in the Broadband Fund would revert to the universal service fund. It would take effect 91 days after adjournment *sine die*.

Public Utility Commission

The transfer of funds would have a minimal fiscal impact on the PUC.

Oregon Business Development Department

The fiscal impact to OBDD to operate the Oregon Broadband Office and to establish the program to provide grants and loans for the planning and development of broadband service infrastructure is estimated to total approximately \$943,000 in the 2019-21 biennium. These costs were financed with \$178,180 of Lottery Funds and \$764,939 of Other Funds (money transferred from the PUC under the provisions of this bill) during the 2019 session. No further budget adjustments for administrative costs are therefore needed this biennium. OBDD will, however, need to request approval from the Emergency Board of an additional Other Funds expenditure limitation increase to accommodate the distribution of the grant and loan funds themselves.