



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 689** HLS 25RS 2595
Bill Text Version: **ENGROSSED**
Opp. Chamb. Action:

Proposed Amd.:
Sub. Bill For.: HB 305

Date: May 20, 2025	11:51 AM	Author: DESHOTEL
Dept./Agy.: Department of Administration		
Subject: Broadband Services		Analyst: Richie Anderson

UTILITIESEG SEE FISC NOTE GF EXPage 1 of 1
Provides for the regulation of certain broadband services

Proposed law increases the allowable administrative cost cap for the federal grant awarded to the Office of Broadband Development and Connectivity (OBDC) through the U.S. Department of the Treasury’s Capital Projects Fund (CPF). Proposed law increases the administration costs that OBDC can charge to the grant from 1% to 2.5%. Additionally, proposed law allows OBDC to hire third party contractors as deemed necessary for the further administration of the GUMBO program from 1% to 2.5% of the granted funds. Proposed law allows OBDC to promulgate rules to specify thresholds of completion, and when to collect payments. Proposed law retains that final payment shall not be due until an approved completion report is received. Finally, proposed law creates GUMBO 3.0 and GUMBO 4.0 and provides that the OBDC shall provide oversight and enforcement authority.

EXPENDITURES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	SEE BELOW	SEE BELOW	\$1,893,250	\$1,893,250
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0			\$1,893,250	\$1,893,250

REVENUES	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

Proposed law may increase SGF expenditures in future years (after FY 29) if the Federal grants do not continue to cover administrative costs. Proposed law increases the allowable administrative cost cap for the federal grant awarded to the Office of Broadband Development and Connectivity (OBDC) through the U.S. Department of the Treasury’s Capital Projects Fund (CPF). Currently, administration costs for the GUMBO programs are allowed to be charged to CPF but are limited to 2% total, approximately \$3.5 M. Proposed law increases this to 5%, approximately \$8.9 M, that would be eligible to be charged to the CPF. The additional funding will be utilized over FY 26 and FY 27 to fund expenses to perform sub-grantee monitoring and compliance prior to the grant’s expiration on 12/31/26.

In FY 27, OBDC plans to fund the GUMBO programs through another Federal Grant through the National Telecommunications and Information Agency’s Broadband Equity Access and Deployment Program (BEAD) for the remainder of FY 27 through FY 29. However, if the BEAD program is unfunded by the Federal Government, the GUMBO programs would require SGF sooner than FY 30. The annual administrative costs that could potentially be unfunded if they are not covered by a grant are outlined below. These expenditures include: salaries and related Benefits (see below) for four (4) full-time employees, office operating costs, and contractor expenses. The LFO assumes that unfunded costs may require an SGF appropriation to maintain operations starting once Federal funding becomes unavailable.

Administrative costs per year (covered until FY 27):

Office Operating Costs: \$1,250,000
Contractor Expenses: \$15,500
Salaries and Related Benefits: \$627,750
Total: \$1,893,250


Salaries and Related Benefits

	Salary	Related Benefits	
Executive Director:	\$160,000	\$56,000	
Deputy Director:	\$105,000	\$36,750	
Program Manager:	\$100,000	\$35,000	
Program Manager:	\$100,000	\$35,000	
Total Salaries and RB:	\$465,000	\$162,750	Total: \$627,750

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

Senate	Dual Referral Rules	House
<input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}		<input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}



Patrice Thomas
Deputy Fiscal Officer