

FISCAL NOTE

Requested by Legislative Council
01/22/2001

Bill/Resolution No.: HB 1357

Amendment to:

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	1999-2001 Biennium		2001-2003 Biennium		2003-2005 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						\$7,671,250
Expenditures						\$7,671,250
Appropriations						\$7,671,250

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

1999-2001 Biennium			2001-2003 Biennium			2003-2005 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
								\$7,671,250

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

HB 1357 needs further clarification. The bill states "ITD shall provide access to the wide area network to each city in the state by July 1, 2004". Does this mean each city government or to any state, county or educational facility in the city? Today, ITD provides access to state agencies and county government in 64 cities. If phase 2 of the wide area network gets funded this session, an additional 130 cities (K-12 / Libraries) will be connected (194 cities total). The fiscal note above assumes the worst case - ITD needs to deploy 361 additional ATM T-1 circuits to city government.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

A decision would need to be made as to who will fund this investment - state, cities or a combination of the two.

ITD operates as a special fund and this fiscal note assumes the cities will pay the whole amount. ITD would purchase the one-time equipment, routers & switches (361 cities x

\$10,000 per location = \$3,610,000). ITD would acquire the ATM T-1 circuits from Dakota Carrier Network, current provider under contract (361 cities x \$500/circuit/month x 18 months = \$3,249,000). We are estimating 18 months because in order to complete all cities by July 1, 2004 we will need to start connecting cities on July 1, 2003. ITD would acquire additional bandwidth for internet access (361 cities x \$25/city/month = \$162,450). Technical network support is estimated at \$649,800 (361 cities x \$100/city/month). The total cost for the 2003-2005 biennium is \$7,671,250. This amount would then be billed back to the cities.

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

The expenses to ITD are as stated above in the revenue section. The technical network support would be provided by ITD and another group yet defined (possibly the Assn of Counties staff). ITD would request 2 FTE's for a cost of \$241,338 and the balance from the revenue stated above \$649,900 is \$408,562 would be paid to the support group yet defined.

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

ITD's appropriation would be special funded unless the state agrees to pay for some of these costs and then that amount would be general funded. The total estimated costs would be \$7,671,250.

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Prepared: