



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 26-1211: REGULATION OF BROADBAND SERVICES

Prime Sponsors:

Rep. Story; Mabrey

Fiscal Analyst:

Clayton Mayfield, 303-866-5851

clayton.mayfield@coleg.gov

Published for: House Trans., Hous. & Local Gov.

Drafting number: LLS 26-0396

Version: Initial Fiscal Note

Date: February 27, 2026

Fiscal note status: This fiscal note reflects the introduced bill.

Summary Information

Overview. The bill authorizes the Public Utilities Commission to regulate broadband and voice-over-internet-protocol services.

Types of impacts. The bill is projected to affect the following areas on an ongoing basis starting in FY 2026-27:

- State Revenue
- State Expenditures
- State Transfers
- TABOR Refunds
- Local Government

Appropriations. For FY 2026-27, the bill requires an appropriation of \$322,067 to the Department of Regulatory Agencies.

Table 1
State Fiscal Impacts

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28
State Revenue	\$367,241	\$762,081
State Expenditures	\$367,241	\$762,081
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$367,241	\$762,081
Change in State FTE	2.5 FTE	6.0 FTE

Fund sources for these impacts are shown in the tables below.

**Table 1A
State Revenue**

Fund Source	Budget Year FY 2026-27	Out Year FY 2027-28
General Fund	\$0	\$0
Cash Funds	\$367,241	\$762,081
Total Revenue	\$367,241	\$762,081

**Table 1B
State Expenditures**

Fund Source	Budget Year FY 2026-27	Out Year FY 2027-28
General Fund	\$0	\$0
Cash Funds	\$322,067	\$637,852
Federal Funds	\$0	\$0
Centrally Appropriated	\$45,174	\$124,229
Total Expenditures	\$367,241	\$762,081
Total FTE	2.5 FTE	6.0 FTE

Summary of Legislation

The bill authorizes the Public Utilities Commission (PUC) in the Department of Regulatory Agencies (DORA) to regulate broadband and voice-over-internet-protocol (VoIP) services. Rules may be adopted to establish standards, and to require that providers supply certain information on services to the PUC. The PUC may conduct evaluations and audits of services and providers, order remedial actions, and issues fines for violations. Finally, the PUC is required to report annually to the General Assembly information on the quality, resiliency, and safety of broadband and VoIP service in the state.

Background and Assumptions

Public Utilities Commission

The Fixed Utility Fund and the Telecommunications Utilities Fund pay for PUC operating expenses. Revenue to the funds comes from fees assessed against regulated electric, natural gas, and telecommunications utilities at a rate set annually based on the amount needed to cover applicable regulation expenditures in DORA. The rate is applied to each regulated company's gross intrastate utility operating revenues, as calculated by the Department of

Revenue. The rate of Telecommunications Utilities Fund assessments for telecommunications utilities is capped at 0.20 percent of gross revenue while the Fixed Utility Fund assessments for other utilities is capped at 0.25 percent of gross revenue.

The fiscal note assumes that the Telecommunications Utility Fund will cover costs for this bill; however, the PUC may need to utilize the Fixed Utility Fund. Additionally, whenever new operating expenses are incurred against either fund, the assessment cap may need to be adjusted; however, the fiscal note assumes that adding new providers subject to regulatory fees will negate the need to adjust the assessment cap.

State Revenue

The bill increases state revenue to the Telecommunications Utility Fund by around \$367,000 in FY 2026-27 and \$762,000 in FY 2027-28 and future years in DORA to cover the regulatory costs outlined in the State Expenditures section. Revenue is from fees charged to broadband and VoIP providers. This revenue is subject to TABOR.

Fee Impact on Broadband and VoIP Providers

Legislative Council Staff is required to estimate the fee impact of bills that create or increase any fee collected by a state agency. Based on information listed on the [Office of Information Technology website](#), the fiscal note assumes that there at least 100 providers in the state that will be pay fees under the bill. However, the exact fee amount paid by any specific broadband or VoIP provider will depend on their gross intrastate utility operating revenue and has not been estimated. Actual fees will be set administratively by DORA based on cash fund balance, program costs, and the number of providers subject to the fee.

State Transfers

If the Telecommunications Utility Fund is unable to cover costs for the bill, transfers from the Fixed Utility Fund may be necessary. The fiscal note estimates that transfers should only occur in FY 2026-27 to cover first-year costs. In future years, the Telecommunications Utility Fund is expected to have a sufficient balance to cover expenses.

State Expenditures

The bill increases state expenditures in the Department of Regulatory Agencies by about \$370,000 in FY 2026-27 and by about \$760,000 in FY 2027-28 and future years. These costs, paid from the Telecommunications Utility Fund, are summarized in Table 3 and discussed below. The bill also minimally affects workload in the Office of Information Technology.

Table 2
State Expenditures
Department of Regulatory Agencies

Cost Component	Budget Year FY 2026-27	Out Year FY 2027-28
Personal Services	\$173,884	\$478,189
Operating Expenses	\$2,560	\$7,040
Capital Outlay Costs	\$21,000	\$28,000
Legal Services	\$124,623	\$124,623
Centrally Appropriated Costs	\$45,174	\$124,229
FTE – Personal Services	2.0 FTE	5.5 FTE
FTE – Legal Services	0.5 FTE	0.5 FTE
Total Costs	\$367,241	\$762,081
Total FTE	2.5 FTE	6.0 FTE

Department of Regulatory Agencies

The PUC will have staff and legal services costs beginning in FY 2026-27 to implement the bill.

Staff

The PUC requires a total of 5.5 FTE to administer the regulation of broadband and VoIP providers and perform other required duties. This includes:

- 2.0 FTE financial analyst to help develop proposed rules, monitor filings for compliance, prepare annual reports, and assist with other proceedings;
- 2.0 FTE telecommunications engineer to provide technical background during rulemaking, review reports from providers, and provide technical background during other proceedings;
- 0.5 FTE administrative law judge to oversee adjudicated proceedings; and
- 1.0 FTE compliance specialist staff to process informal complaints and incoming filings.

Of this, 2.5 FTE is required in the first year, with the remaining staff beginning in in the second year. The estimates above include standard operating and capital outlay costs, and first-year costs are prorated for a September 1, 2026 start date.

Legal Services

The PUC will require 900 hours (0.5 FTE) of legal services per year beginning in FY 2026-27 for initial rulemaking, general counsel support, and to assist the PUC with other required duties. Legal services are provided by the Department of Law at a rate of \$138.47 per hour.

Computer Systems

The PUC will use its existing filing and reporting system to manage the new regulatory information.

Centrally Appropriated Costs

Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which may include employee insurance, supplemental employee retirement payments, indirect cost assessments, and other costs, are shown in Table 2 above.

Office of Information Technology

The Colorado Broadband Office in the Office of Information Technology may have a minimal workload increase to coordinate with the new regulatory program at the PUC. No change in appropriations is required.

TABOR Refunds

The bill is expected to increase the amount of state revenue required to be refunded to taxpayers by the amounts shown in the State Revenue section. This estimate assumes the December 2025 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2027-28. Because TABOR refunds are paid from the General Fund, increased cash fund revenue will reduce the amount of General Fund available to spend or save in FY 2026-27, FY 2027-28, and any future years when the state is over its revenue limit.

Local Government

There are a small number of broadband service providers owned by units of local government. These jurisdictions will have increased workload and expenditures to comply with the regulation of broadband services under the bill. The exact impacts on affected local governments will depend on the rules and other requirements established by the PUC.

Technical Note

As discussed in the Background and Assumptions section, revenue to the Telecommunications Utility Fund is capped at 0.20 percent of gross revenue under current law. The cap may need to be raised to cover the costs in the bill, depending on the gross revenues of the broadband entities newly subject to PUC regulation under the bill.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State Appropriations

For FY 2026-27, the bill requires an appropriation of \$322,067 from the Telecommunications Utility Fund to the Department of Regulatory Agencies, and 2.0 FTE. Of this amount, \$124,623 is reappropriated to the Department of Law with an additional 0.5 FTE.

State and Local Government Contacts

Information Technology	Personnel
Judicial	Regulatory Agencies
Law	

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).