Summary of Legislation

The bill authorizes OIT to enter into lease agreements through public-private partnerships with private entities to use space on the state’s telecommunication network towers. Any negotiated lease rates must be based on local market-based rates. The bill directs the deposit of lease revenues from public-private partnerships entered into pursuant to the bill as follows: 75 percent to the Public Safety Communications Trust Fund for improvements to the state telecommunications network; and 25 percent to the Public School Capital Construction Assistance Fund for technology grants under the Building Excellent Schools Today (BEST) program.

The bill also codifies existing practice by relocating laws related to the state telecommunications network from the Department of Public Safety to the OIT statutes.

State Revenue

To the extent that the state enters into lease agreements authorized by the bill, state revenue will increase from lease payments from private entities leasing space on the state’s telecommunication network towers.
State Expenditures

The bill increases workload within OIT to evaluate lease offers from private entities. Specifically, OIT will need to determine whether a network tower identified in a lease offer has the capacity to accommodate additional equipment and whether the site is secure enough to allow for private use. This fiscal note assumes that any costs to upgrade a site for lease equipment or security would be negotiated as part of a lease agreement. Any increase in workload can be accomplished within existing appropriations.

To the extent that OIT enters into agreements with private entities to lease space on a network tower there will be an increase in state revenue and a corresponding increase in expenditures for improvements to the state telecommunications network. Up to 75 percent of the revenue collected from lease agreements can be spent for improvements to the network.

TABOR Refund

This bill may increase state revenue from lease income, which would increase the amount of money required to be refunded under TABOR for FY 2018-19 and FY 2019-20. A TABOR refund obligation is not expected for FY 2017-18.

Since the bill could increase the TABOR refund obligation without a corresponding change in General Fund revenue, the amount of money available in the General Fund for the budget could decrease by an identical amount.

State revenue subject to TABOR is not estimated for years beyond FY 2019-20.

School Districts

To the extent that OIT enters into agreements with private entities to lease space on a network tower there will be an increase in state revenue and a corresponding increase in expenditures for technology grants for K-12 schools under the BEST program. Up to 25 percent of the revenue collected from lease agreements can be spent for technology grants.

Effective Date

The bill was signed into law by the Governor and took effect on June 6, 2018.

State and Local Government Contacts

Information Technology  Public Safety

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: leg.colorado.gov/fiscalnotes.