



Telecommunications & Information Technology

During the 2019 legislative session, the General Assembly considered a variety of issues related to telecommunications and information technology (IT), including blockchain technology, broadband, and new requirements for the Governor's Office of Information Technology (OIT).

Blockchain Technology

Virtual currency, or cryptocurrency, is an electronic asset that is facilitated by a technology called blockchain. Blockchain is a technology that uses blocks to record transactions digitally through a network of computers instead of a third-party verifying and tracking the transaction. Like a traditional currency, cryptocurrency is used as a medium of trade or exchange. Virtual currency exists only in digital form, and is not fundamentally backed by another commodity, such as gold, or by an issuing government (fiat currency). Exchanges of virtual currency are made in a peer-to-peer network through blockchain, without oversight or tracking by a third-party or government agency. *Senate Bill 19-023* creates the Colorado Digital Token Act, which exempts cryptocurrency from state security laws if the primary purpose of the digital token is consumptive and not for speculative or investment purposes. The bill requires that a person must file a notice of intent with the Securities Commissioner in order to receive an exemption for all future transactions.

House Bill 19-1247 directs the Commissioner of Agriculture to convene an advisory group to study the potential applications for blockchain technology in agricultural operations. The Commissioner may seek gifts, grants, or donations to fund the study. The bill directs the advisory group to study the potential use of blockchain in a variety of agricultural operations, including tracing certain products from farm to shelf, monitoring field conditions, and verifying organic products. The Commissioner is required to present findings and proposals for legislation, if applicable, to the appropriate committees of reference by January 15, 2020.

Senate Bill 19-184, which was postponed indefinitely, would have required the Colorado Water Institute at Colorado State University to study the potential uses of blockchain to manage, track, and establish water rights and water markets.

Broadband

Broadband is a transmission link that allows users to access the internet through a variety of technologies and internet service providers (ISP). Net neutrality is the concept that ISPs must treat all internet services equally and cannot discriminate against users by charging different rates or slowing down internet speeds based on which applications, sites, or services a user accesses. *Senate Bill 19-078* disqualifies an ISP from receiving grant money from the Broadband Development Board (board) or any

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state fund established to finance broadband deployment if the ISP does not promote net neutrality. This provision implies if the ISP blocks any lawful content, engages in paid prioritization of internet content, regulates network traffic by slowing bandwidth, or fails to disclose its network management practices. If an ISP is found to have engaged in unlawful activities, the board may require the ISP to refund any money received in the last 24 months. The bill directs the Attorney General and the board to develop written guidance for consumers seeking to file a complaint with the Federal Trade Commission to allege that an ISP has engaged in any unlawful practice regarding net neutrality.

Senate Bill 19-107 authorizes an electric utility to build a broadband network facility to provide internet service. The utility is authorized to build if the land is already held within an existing electrical easement. The utility is required to send notice to each property owner that holds an interest in the property subject to the easement at least 30 days before the commencement of any installation or construction. The bill creates a statute of limitations of two years for a property owner to file a claim. An electric utility cannot discriminate among commercial broadband suppliers when offering or granting rights or fees to install, maintain, or lease any infrastructure to provide service.

Governor's Office of Information Technology

Senate Bill 19-169, which was vetoed by the Governor, would have required OIT to assign all major IT projects a project manager. The project manager would have been required to develop and get approval of baseline metrics, performance indicators, and critical success factors for the project and to present these to the applicable state agency and to the Joint Technology Committee (JTC). This bill would have required OIT to provide a quarterly status

report to the JTC for each major IT project, which included the project baseline metrics, the committed project budget, and the amount that had been spent on the project to date. The bill also would have required that IT budget requests submitted to the JTC and to the Joint Budget Committee included a written business case and a change management plan.

House Bill 17-1361 required that the State Auditor retain an independent third-party consulting firm to evaluate the state's IT resources. As a result of the findings from this evaluation, the state legislature enacted *Senate Bill 19-251*, which requires that OIT implement a new communications plan and two new working groups. OIT is directed to develop and maintain a communications and stakeholder management method for every department to which OIT provides services. OIT is also required to convene a working group of state agencies to develop and maintain a strategic plan that outlines how state agencies use technology, and to convene a working group to determine the cost, feasibility and appropriateness of transferring ownership of IT infrastructure to the office. The bill also requires OIT to develop an internal policy for the use of external vendors and an office change management plan.

Senate Bill 19-253 extends an existing exemption and removes the Department of Education from the definition of "state agency" for the purposes of OIT IT services. The bill allows OIT to enter into contracts with the Department of Education for the purpose of providing disaster recovery.