


 Colorado *Legislative Council Staff*
**LOCAL****CONDITIONAL FISCAL IMPACT***No State General Fund Impact***Drafting Number:** LLS 05-0176**Date:** February 14, 2005**Prime Sponsor(s):** Sen. Veiga  
Rep. Jahn**Bill Status:** Senate Local Government**Fiscal Analyst:** Marc Carey (303 866-4102)**TITLE:** CONCERNING LOCAL GOVERNMENT COMPETITION IN THE PROVISION OF SPECIFIED COMMUNICATIONS SERVICES.

<b>Fiscal Impact Summary</b>	<b>FY 2005/2006</b>	<b>FY 2006/2007</b>
<b>State Revenues</b> General Fund		
<b>State Expenditures</b> General Fund		
<b>FTE Position Change</b>	0.0 FTE	0.0 FTE
<b>Other State Impact:</b> None		
<b>Effective Date:</b> Upon signature of the Governor.		
<b>Appropriation Summary for FY 2005/2006:</b> None		
<b>Local Government Impact:</b> Local governments may incur administrative costs to hold hearings, provide notice of hearings, and hold elections, if they choose to provide certain communication services.		

**Summary of Legislation**

This bill prohibits, with some exceptions, a city, county, special district or other political subdivision from providing a cable television service, telecommunications service, or high speed internet access service to subscribers, and from purchasing, leasing, constructing, maintaining or operating any facility for the purpose of providing such service. For a local government to provide such services or obtain such facilities, the government must first:

- hold a preliminary public hearing;
- provide notice of the hearing to other local public and private service providers;
- determine through a feasibility study that the revenues of service provision will exceed the costs by enough to meet any bond obligations used to fund the service;
- conduct two public hearings to inform the public of its intent to provide the service; and
- hold an election on whether the local government shall provide the proposed service.

The bill prohibits a local government from cross subsidizing such services with tax revenues, income from other local government or utility services, below-market rate loans, or other sources. The bill also requires several specific accounting practices of the local government including:

- establishing an enterprise fund to account for service operations;
- adopting separate operating and capital budgets for the service;
- not transferring any other moneys, appropriations or balances into this fund; and
- keeping accurate records for the service that are subject to audit by the state auditor, the cost of which is borne by the local government.

The bill authorizes the governing body of a local government to issue bonds to finance the capital costs for facilities necessary to provide such services, and specifies that such a bond be secured solely from revenues generated by that service. The local government is prohibited from paying any carrying costs associated with these bonds from its general funds or other enterprise funds.

The bill requires a local government providing such a service to comply with all applicable state and federal laws. The bill prohibits a local government from providing the service outside of its boundaries, from receiving distributions from the universal service fund, and from exercising the power of eminent domain to provide the service. Finally, the bill specifies that local governments shall not be afforded immunity from antitrust liability with respect to such services.

### **Local Government Impact**

If a local government chooses to provide such a service, it will incur additional administrative costs associated with holding required hearings, providing notice of hearings, and conducting an election to approve service provision. The local government may incur additional costs due to the delay that results in meeting these specified requirements.

In addition, the prohibition of local government from "cross subsidizing" the service, and the bill's detailed accounting requirements may increase administrative costs due to duplication of administrative functions such as billing and accounting. However, all such potential cost increases are conditional upon the local government deciding to pursue such service provision.

### **State Appropriations**

No appropriations will be required in FY 2005-06.

### **Departments Contacted**

Judicial

Local Affairs

Regulatory Agencies

State Auditors Office