HB 25-1080

Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 25-1080: WIRELESS TEL INFRASTRUCTURE DEPLOY INCENTIVES

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Fiscal note status: This revised fiscal note reflects the bill, as amended by House Business Affairs and Labor Committee.

Summary Information

Overview. The bill permits counties, special districts, and school districts to provide property tax relief to qualified businesses and creates a sales tax refund for communication service providers.

Types of impacts. The bill is projected to affect the following areas on an ongoing basis:

- State Revenue
- State Expenditures
- TABOR Refunds
- Local Government and School Districts

Appropriations. For FY 2025-26, the bill requires a General Fund appropriation of $247,703 to the Department of Revenue.

Table 1
State Fiscal Impacts

Type of Impact[1]	Budget Year FY 2025-26	Out Year FY 2026-27
State Revenue	-$1,000,000	-$1,000,000
State Expenditures	$296,302	$294,579
Transferred Funds	$0	$0
Change in TABOR Refunds	-$1,000,000	-$1,000,000
Change in State FTE	2.5 FTE	3.0 FTE

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

Table 1A
State Revenue

Fund Source	Budget Year FY 2025-26	Out Year FY 2026-27
General Fund	-$1,000,000	-$1,000,000
Cash Funds	$0	$0
Total Revenue	**-$1,000,000**	**-$1,000,000**

Table 1B
State Expenditures

Fund Source	Budget Year FY 2025-26	Out Year FY 2026-27
General Fund	$247,703	$236,312
Cash Funds	$0	$0
Federal Funds	$0	$0
Centrally Appropriated	$48,599	$58,267
Total Expenditures	**$296,302**	**$294,579**
Total FTE	**2.5 FTE**	**3.0 FTE**

Summary of Legislation

The bill permits counties, special districts, and school districts to provide property tax relief to qualified businesses and creates a sales tax refund for communication service providers.

Property Tax Relief

The bill allows counties, special districts, and school districts to provide incentive payments or credits to communication service providers that expand a facility in an unserved area within their jurisdiction. Incentive payments or credits may not exceed the amount of property taxes levied by the local government on the real or personal property located within the facility for the current property tax year.

Qualified facilities include communication service property facilities, infrastructure, equipment, or other real or personal property used to provide wireless telephone services and fixed broadband or mobile broadband internet access. Equipment includes items such as mode switches, routers, servers, multiplexers, fiber optics, macro cell towers, micro cell towers, and other equipment. Unserved areas are defined as areas where broadband internet access service does not meet the minimum broadband benchmarks established by the Federal Communications Commission[1].

To offset lost revenue from the tax incentives, counties, special districts, and school districts may adjust their tax levies by the amount of the total annual incentive payments and credits.

Sales Tax Refunds

The bill creates a sales tax refund to communication service providers for their sales tax paid on purchases of equipment or assets used for the provision, transmission, conveyance, routing, or reception of communication services. Aggregate annual sales tax refunds may not exceed $1.0 million across all providers. If total aggregate refund requests exceed $1.0 million, providers may receive a proportional amount of the $1.0 million based on their total amount of eligible purchases for that year.

Assumptions

The fiscal note assumes that the property tax revenue and mill levies that are used to calculate a school district's local share of school finance are not impacted by the bill. However, if the bill allows school districts to provide incentives and credits that impact local share property tax mill levies and revenue, it may affect the amount the state is obligated to pay districts for school finance. The state aid obligation may be paid from the General Fund, the State Education Fund, and the State Public School Fund.

State Revenue

The bill is estimated to decrease General Fund revenue by $1.0 million annually beginning in FY 2025-26. Sales and use tax revenue is subject to TABOR.

The Colorado Broadband Office (CBO) in the Office of Information Technology (OIT) provides a map[2] of the over 100 broadband and telecommunication service providers in Colorado. It is assumed that each of these service providers will make telecommunication asset purchases eligible for the sales tax refund created by this bill. Based on industry reporting, it is estimated that in aggregate, Colorado communication service providers invest more than $700 million per year in telecommunication asset purchases, resulting in over $20 million in annual state sales tax revenue that would be eligible for the sales tax refund. Therefore, it is assumed that the aggregate maximum dollar amount of sales tax refunds will be provided each year.

[1] https://broadbandmap.fcc.gov/home
[2] https://broadband.colorado.gov/consumers

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State Expenditures

The bill increases state expenditures in the Department of Revenue by $296,302 in FY 2025-26 and $294,579 in FY 2026-27 and future years. These costs, which are paid from the General Fund, are summarized in Table 2 and discussed below. The bill may also impact the Division of Property Tax in the Department of Local Affairs. It is assumed to not impact the state share of school finance.

Table 2
State Expenditures
Department of Revenue

Cost Component	Budget Year FY 2025-26	Out Year FY 2026-27
Personal Services	$187,006	$223,846
Operating Expenses	$3,200	$3,840
Capital Outlay Costs	$20,010	$0
Office of Research and Analysis	$8,702	$8,626
GenTax Programming and Testing	$28,785	$0
Centrally Appropriated Costs	$48,599	$58,267
Total Costs	**$296,302**	**$294,579**
Total FTE	**2.5 FTE**	**3.0 FTE**

Department of Revenue

The bill increases costs in the Department of Revenue to implement the sales tax refunds provisions in the bill. Costs include staffing, computer programming, and reporting.

Staff

The Department of Revenue will require 3.0 FTE in FY 2025-26 to review and process refund claims on an ongoing basis, for about 100 claims a year. Each claim is assumed to be for some fraction of total $1.0 million in refunds available. Sales and use tax refunds are manually reviewed and processed. Each claim is assumed to require between 55 and 85 hours depending on the complexity. Because total submitted refund claims are expected to exceed $1.0 million annually, the DOR expects to have to hold all refund claims until the end of the year before determining the pro-rata share of $1.0 million that each eligible provider will be refunded. The number of claims will depend on the batches of purchases filed with each claim, the number of communication service providers that file for a refund, and other factors. Staff costs in FY 2025-26 are prorated for a September start date and include standard operating and capital outlay costs.

Office of Research and Analysis

The Office of Research and Analysis within the Department of Revenue will perform 231 hours of work at a rate of $32 per hour in FY 2025-26, and 229 hours in future years, to update database fields and conduct ongoing reporting on the sales tax refund.

GenTax Costs

This bill requires expenditures of $28,875 to program, test, and update database fields in the Department of Revenue's/DOR's GenTax software system. Programming costs are estimated at $27,025, representing 110 hours of contract programming at a rate of $231.75 per hour. Costs for testing at the department include $110 hours of innovation, strategy, and delivery programming support at a rate of $35 per hour, and $1,760 for 55 hours of user acceptance testing at a rate of $32 per hour.

Interest Payments

Some refunds processed by the Department of Revenue accrue interest. The additional sales tax refund claims under the bill may accrue interest and may result in increased interest payments for other claims if the bill increases the backlog currently processed by the department.

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, leased space, and indirect cost assessments, are shown in the expenditure table(s) above.

Department of Local Affairs

The Property Tax Division within the Department of Local Affairs (DOLA) may have some additional administrative work dependent on how a county chooses to implement the payment incentives or credits, but the work is expected to be minimal and absorbable within existing appropriations.

TABOR Refunds

The bill is expected to decrease the amount of state revenue required to be refunded to taxpayers by the amounts shown in the State Revenue section above. This estimate assumes the December 2024 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2026-27. Because TABOR refunds are paid from the General Fund, decreased General Fund revenue will lower the TABOR refund obligation, but result in no net change to the amount of General Fund otherwise available to spend or save.

Local Governments and School Districts

Counties, special districts, and school districts that do not opt to provide incentive payments or credits to qualified businesses will have no fiscal impact. Counties, special districts, school districts that do provide incentive payments or credits to qualified businesses and correspondingly increase their mill levy will similarly have no impact to net property tax revenue. Counties, special districts, and school districts who provide incentive payments or credits to qualified businesses and do not increase their mill levy will have decreased property tax revenue equal to the amount of incentive payments or credits made.

Technical Notes

It is assumed that the DOR will administer the sales tax refund, though the bill does not specify which agency would administer it.

The bill includes a tax expenditure but does not have a repeal date or statutory legislative declaration with the criteria required by current law.

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 2025-26, the bill requires a General Fund appropriation of $247,703 to the Department of Revenue, and 2.5 FTE.

State and Local Government Contacts

Information Technology	County Assessors
Regulatory Agencies	County Treasurers
Revenue	Property Tax Division
Local Affairs	School Districts
Counties	Special Districts