

Second Regular Session
Seventieth General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 16-0339.01 Ed DeCecco x4216

SENATE BILL 16-067

SENATE SPONSORSHIP

Scheffel and Heath, Hill, Holbert, Lundberg, Roberts, Woods

HOUSE SPONSORSHIP

Williams, Brown, Conti, Lawrence, Priola, Rankin, Saine, Thurlow, Van Winkle, Willett

Senate Committees

Finance
Appropriations

House Committees

A BILL FOR AN ACT

101 CONCERNING A PROPERTY TAX EXEMPTION FOR PERSONAL PROPERTY
102 USED TO PROVIDE BROADBAND SERVICE.

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/billsummaries>.)

Section 2 of the bill creates a property tax exemption for any locally assessed personal property that:

- ! A broadband provider acquires on or after January 1, 2016;
and
- ! Is directly used by the broadband provider or any other person to provide broadband service.

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

Electronics, equipment, transmission facilities, and fiber optic and copper cables are examples of property that may qualify for the exemption.

Section 3 of the bill creates the same exemption for a public utility that is assessed statewide by excluding personal property from the factors that the property tax administrator uses to value the public utility.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. Legislative declaration. The general assembly hereby finds and declares that broadband service should be made widely available to all citizens of the state and that this is in the public interest and a matter of statewide concern. The general assembly also recognizes that broadband deployment is capital intensive and a key economic driver and workforce development tool, which creates additional tax revenue through economic development at the local level. Now, therefore, the intended purpose of this property tax exemption is to encourage and maximize capital investment in the construction of the infrastructure to provide such service throughout the entire state.

SECTION 2. In Colorado Revised Statutes, **add** 39-3-118.9 as follows:

39-3-118.9. Broadband service - installed - personal property - exemption - definitions. (1) AS USED IN THIS SECTION:

(a) "BROADBAND SERVICE" MEANS ANY COMMUNICATIONS SERVICE HAVING THE CAPACITY TO TRANSMIT DATA TO ENABLE A SUBSCRIBER TO THE SERVICE TO ORIGINATE AND RECEIVE HIGH-QUALITY VOICE, DATA, GRAPHICS, AND VIDEO AT SPEEDS OF AT LEAST TEN MEGABITS PER SECOND FOR DOWNLOAD AND ONE MEGABIT PER SECOND FOR UPLOAD.

(b) "EXEMPTION" MEANS THE EXEMPTION CREATED IN THIS SECTION.

1 (2) EXCEPT AS SET FORTH IN SUBSECTION (3) OF THIS SECTION, ANY
2 PERSONAL PROPERTY, SUCH AS ELECTRONICS, EQUIPMENT, TRANSMISSION
3 FACILITIES, AND FIBER OPTIC OR COPPER CABLES, THAT A BROADBAND
4 PROVIDER ACQUIRES ON OR AFTER JANUARY 1, 2016, AND THAT IS
5 DIRECTLY USED BY THE BROADBAND PROVIDER OR ANY OTHER PERSON TO
6 PROVIDE BROADBAND SERVICE IS EXEMPT FROM THE LEVY AND
7 COLLECTION OF PROPERTY TAX.

8 (3) THE EXEMPTION DOES NOT APPLY TO PERSONAL PROPERTY
9 THAT IS SOLD AND REPURCHASED OR LEASED BACK BY THE SAME
10 TAXPAYER. PERSONAL PROPERTY THAT IS TRANSFERRED AS PART OF A
11 MERGER OR ACQUISITION IS INELIGIBLE FOR THE EXEMPTION, UNLESS IT
12 WAS ORIGINALLY ACQUIRED ON OR AFTER JANUARY 1, 2016.

13 **SECTION 3.** In Colorado Revised Statutes, 39-4-102, **amend** (1)
14 (a) and (2) as follows:

15 **39-4-102. Valuation of public utilities.** (1) The administrator
16 shall determine the actual value of the operating property and plant of
17 each public utility as a unit, giving consideration to the following factors
18 and assigning such weight to each of such factors as in the administrator's
19 judgment will secure a just value of such public utility as a unit:

20 (a) The tangible property comprising its plant, whether the same
21 is situated within this state or both within and without this state, exclusive
22 of:

23 (I) Any tangible property situated without this state which is not
24 directly connected with the business in which such public utility is
25 engaged within this state; AND

26 (II) ANY PERSONAL PROPERTY THAT WOULD BE EXEMPT UNDER
27 SECTION 39-3-118.9, IF THE PUBLIC UTILITY WAS LOCALLY ASSESSED;

1 (2) If, in the judgment of the administrator, the books and records
2 of any public utility accurately reflect its TAXABLE tangible property; its
3 intangibles; and its earnings within this state during the most recent
4 five-year period, the administrator may determine from such books and
5 records the actual value of its property and plant within this state and
6 need not determine the entire value of its property and plant both within
7 and without this state.

8 **SECTION 4. Act subject to petition - effective date.** This act
9 takes effect at 12:01 a.m. on the day following the expiration of the
10 ninety-day period after final adjournment of the general assembly (August
11 10, 2016, if adjournment sine die is on May 11, 2016); except that, if a
12 referendum petition is filed pursuant to section 1 (3) of article V of the
13 state constitution against this act or an item, section, or part of this act
14 within such period, then the act, item, section, or part will not take effect
15 unless approved by the people at the general election to be held in
16 November 2016 and, in such case, will take effect on the date of the
17 official declaration of the vote thereon by the governor.