



**Legislative  
Council Staff**

*Nonpartisan Services for Colorado's Legislature*

**FISCAL NOTE**

**Drafting Number:** LLS 19-0770  
**Prime Sponsors:** Rep. Van Winkle

**Date:** March 25, 2019  
**Bill Status:** House Trans. & Local Govt  
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**Bill Topic:** LIMIT ENCRYPTION OF DISPATCH RADIO COMMUNICATIONS

**Summary of Fiscal Impact:**

<input checked="" type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input checked="" type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

This bill requires all state and local government entities, except for the Department of Corrections and Division of Youth Services in the Department of Human Services, to broadcast radio dispatch communications without any encryption. This bill increases state and local government costs on an ongoing basis.

**Appropriation Summary:** For FY 2019-20, this bill requires a General Fund appropriation of \$400,000 to the Office of Information Technology.

**Fiscal Note Status:** This fiscal note reflects the introduced bill.

**Table 1  
State Fiscal Impacts Under HB 19-1235**

		<b>FY 2019-20</b>	<b>FY 2020-21</b>
<b>Revenue</b>		-	
<b>Expenditures</b>	General Fund	\$404,000	\$8.3 million
<b>Transfers</b>		-	
<b>TABOR Refund</b>		-	

## Summary of Legislation

This bill requires all state and local government entities, except for the Department of Corrections and Division of Youth Services in the Department of Human Services, to broadcast radio dispatch communications without any encryption. Radio communications may be encrypted to:

- preserve the tactical integrity of an operation;
- protect the safety of law enforcement officers or other emergency first responders;
- prevent the destruction of property; and
- to allow for an investigation into potential criminal conduct.

Radio communications may also be encrypted, if an audio stream is made available online and may be delayed or buffered by up to three minutes. The audio stream may be temporarily suspended for up to four hours for an emergency as long as radio communications are recorded during the suspension and made available upon request.

## Background

The Office of Information Technology (OIT) operates the Public Safety Network statewide. This network has 241 radio towers and is utilized by over 1,000 state and local government public safety and governmental agencies. State agencies pay a user fee to OIT for the use of the network. Current law, does not allow a user fee to be charged to local governments that use the network. Local governments on the state system purchase and maintain their radios and may own and operate additional radio tower sites. Other local governments not on the state system operate and maintain their own radio communication networks and enter into interoperability agreements to ensure emergency communications can occur across networks. The number governmental entities using encryption is not known, but is assumed to be significant.

## State Revenue

Beginning in the FY 2019-20, this bill increases state cash fund revenue from civil filing fees by a minimal amount. The number of civil filings is expected to increase from challenges to encryption, audio stream, or temporary suspensions of unencrypted radio communication. The exact revenue impact will depend on the number of civil cases resulting from the bill and the amount of damages sought and has not been estimated. For informational purposes, the civil filing fee for county court ranges from \$85 to \$135 depending on the amount of damages sought and the filing fee for district court is \$235. Civil cases seeking damages of less than \$25,000 may be filed in county or district court, while cases seeking damages over \$25,000 must be filed in district court. Civil filing fees are subject to TABOR; however, under the March 2019 Legislative Council Staff forecast, a TABOR surplus is not expected in FY 2019-20 or FY 2020-21.

## State Expenditures

This bill is estimated to increase state General Fund expenditures by \$404,000 in FY 2019-20 and \$8.3 million in FY 2020-21. State agency workload will also increased. These impacts are shown in Table 2 and are discussed below.

**Table 2**  
**Expenditures Under HB 19-1235**

<b>Cost Components</b>	<b>FY 2019-20</b>	<b>FY 2020-21</b>
OIT Statewide Public Safety Network Assessment	\$400,000	-
OIT Radio Tower Transmitters	-	\$6.3 million
OIT State Agency Radio Reprogramming	-	\$2.0 million
CSU System Radio Reprogramming	\$4,000	-
<b>Total Cost</b>	<b>\$404,000</b>	<b>\$8.3 million</b>

**Office of Information Technology.** It is estimated that \$8.3 million is needed to ensure unencrypted radio communications can occur across the Public Safety Network. This includes \$6.3 million for installing additional transmitters that cost \$25,000 each at 241 radio tower sites and \$2.0 million for reprogramming approximately 20,000 radios. Because transmitter installations are dependent on future radio traffic as unencrypted channels are created, the frequency at each radio tower may change thus requiring the installation of additional antenna systems, and because some radios will need to be replaced while others can be reprogrammed, exact implementation costs are unknown at this time. This analysis assumes that a statewide assessment will be conducted to determine full implementation costs and that OIT will contract with a vendor in FY 2019-20 and will work with the vendor, state, and local government system users to complete the study. The cost of this study, which is subject to the request for proposal process, is estimated to be \$400,000. It is further assumed that additional appropriations will be requested through the budget process beginning in FY 2020-21 once full implementation costs are known. Funds may be needed sooner to reprogram radios used by state agencies that currently encrypt their radio communication and these costs will be paid through funds reappropriated to OIT from the agency needing the reprogramming work. Any appropriation adjustments needed will also be addressed through the annual budget process.

**Colorado State University (CSU) System.** CSU Police would be required to reprogram its radios. This one-time reprogramming is estimated to cost of \$4,000 and can be addressed within existing resources.

**Administrative costs.** Other state agencies that use dispatch radio communications, including the Departments of Natural Resources, Agriculture, and Public Safety and other institutions of higher education, may incur administrative costs and workload to update radio communication policies and procedures to ensure compliance with the bill. If user fees, which are currently assessed to state agencies for radio system access, and OIT support are increased, costs will increase for these agencies. These funds are paid to OIT through reappropriated funds and it is assumed any increase in appropriations, if needed, will be addressed through the annual budget process.

**Judicial Department.** The bill increases workload for trial courts to hear any civil actions brought against a state or local government entity regarding its radio encryption practices. This impact is assumed to be minimal and will not require an increase in appropriations.

## Local Government

Beginning in FY 2019-20, local governments will have increased administrative costs and workload as described below. These impacts will vary by local government and have not been estimated.

**Radio dispatch policies.** Workload will increase for local government to develop or update radio dispatch policies to ensure compliance with this bill. Costs may be increased to develop an online audio stream for radio dispatch communications.

**Radio and system costs.** Similar to the state, local governments that use dispatch radio communications will incur costs to reprogram or purchase new radios and other equipment.

**Regional Transportation District (RTD).** RTD expects that it will incur costs to purchase additional secure radios and group transmitters and to acquire additional channel licenses.

**Denver County Court.** Similar to the state, beginning in the FY 2019-20, this bill increases revenue and workload for Denver County Court for any civil actions with damages under \$25,000 commenced within the City and County of Denver.

## Effective Date

The bill takes effect August 2, 2019, if the General Assembly adjourns on May 3, 2019, as scheduled, and no referendum petition is filed. It applies to radio dispatch communication on or after this date.

## State Appropriations

For FY 2019-20, this bill requires a General Fund appropriation of \$400,000 to the Office of Information Technology.

## State and Local Government Contacts

All Local/non-state Agencies

All State Agencies