

SB 67 Will Accelerate Broadband Investment, Help Create Jobs and Increase State Revenue Without Raising Taxes

- The Colorado Legislature is considering **SB 67, a bill that would encourage the deployment of new broadband infrastructure by creating a property tax exception.**¹ This bill is provider and technology agnostic. Such an exemption would support the continued effort to construct broadband enabled telecommunications infrastructure throughout the state to bring new broadband services to consumers and businesses.
- **Exempting certain new investments including equipment, transmission facilities, and fiber optic/copper copper cables from property taxes will speed the deployment of new broadband services to underserved parts of the state, creating new business opportunities and actually adding to state revenues. It is estimated that existing businesses will add almost 500 new jobs as they take advantage of the productivity benefits from faster communications networks.**

Higher Productivity Is the Best Way to Increase State Tax Revenues

- According to academic studies, telecommunications infrastructure development generates tremendous productivity benefits for the overall economy. **The World Bank found that telecommunications development can increase economic activity by over 25 percent**, while a more recent study finds that a one-percent increase in broadband developments can increase overall economic growth rates by as much as 5 percent.²

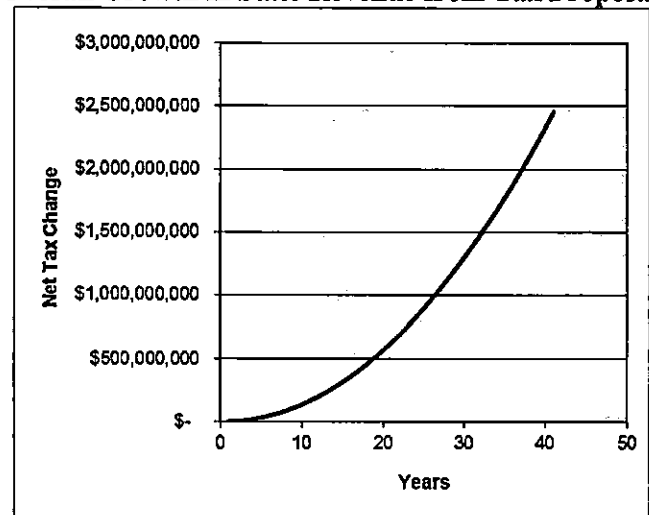
By increasing the productivity of the economy, the State can generate more revenue without raising tax rates.

This proposal will not cost the State, but rather will generate significant revenues over time including more sales, business and excise taxes.

Added employment and higher wages for Colorado workers will generate over \$127,400 in new tax revenue in the first year, and as much as \$2.3 billion in additional tax revenues over the next forty years as more investments are made.³

As the chart to the right shows, the fiscal impact of the tax proposal grows dramatically over time as the economy of Colorado experiences more rapid development of broadband infrastructure.

Overall Growth in State Revenue from Tax Proposal



In fact, since the last recession ended, Colorado has increased its spending by 27.5 percent, which is more than three times the rate of inflation.⁴ This suggests that the state will need to encourage economic growth and development to cover its ever increasing commitments.

Broadband Infrastructure Investment Drives Economic Growth for All Colorado!

¹ Senate Bill Number 67, *A Bill For An Act Concerning A Property Tax Exemption For Personal Property Used To Provide Broadband Service.*
² Canning, David, *Infrastructure's Contribution to Aggregate Output*, Policy Research Working Paper 2246, The World Bank, November 1999 and Czernich, Nina, et. al., *Broadband Infrastructure and Economic Growth*, *The Economic Journal*, May, 2011, Crandall, Robert, and Hal Singer, *The Economic Impact of Broadband Development*, Broadband for America, 2010, http://deepfiber.org/files/special-reports/Economic_Impact_of_Broadband_Development_Broadband_for_America.pdf
³ Based on a model developed by John Dunham and Associates, 2016.
⁴ US Department of Commerce, Bureau of the Census, Annual Survey of State Government Finances, change from 2008 to 2013 (last year for which data are available, at: <http://www.census.gov/govs/state/> Inflation based on change in the Consumer Price Index from 2008 to 2013 from <http://data.bls.gov/cgi-bin/cpi/calc.pl?cost1=100&year1=2008&year2=2013>