

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 2, 2017

TO: Honorable Kelly Hancock, Chair, Senate Committee on Business & Commerce

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB1004 by Hancock (Relating to the deployment of network nodes in public right-of-way; authorizing fees.), **Committee Report 1st House, Substituted**

<p>No significant fiscal implication to the State is anticipated.</p>
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The bill would amend the Local Government Code by adding a chapter to regulate the deployment of network nodes for wireless services in public rights-of-way. Establishes various definitions for use in the chapter. Places limitations on the size of these network nodes and exempts various pieces of equipment from the calculation of this size. Prohibits municipalities from entering exclusive arrangements for the use of a public right-of-way. Places a cap on fees for the use of public-right-of-ways used for the installation of network nodes. Provides for various adjustments to an existing right-of-way fee as established in Chapter 283 of the Local Government Code. Provides for this fee to be adjusted by the annual rate of inflation.

The bill would establish certain rights of access on public right-of-ways for network providers. Provides certain restrictions on the construction and maintenance of network structures and facilities on these right-of-ways.

The bill would prohibit municipalities from regulating the deployment of these facilities other than as allowed in this bill. Establishes restrictions on the type of permits municipalities may require from network providers. Regulates the information that municipalities may require as part of the process of issuing permits. Establishes deadlines municipalities must follow in the processing of these permits. Regulates the application fees for these permits. Exempts certain work from permitting. Requires access to municipally owned utility poles on nondiscriminatory terms for the collocation of network nodes.

Specifies that the bill does not apply to certain non-municipal entities and that an approval for the installation, placement, maintenance, or operation of a network node or transport facility may not be construed to confer authorization to provide certain other telecommunication services.

According to the PUC, the bill would have no significant fiscal impact on the state.

The bill would take effect immediately if it receives a vote of two-thirds of the members of each house. If the bill does not receive the vote necessary for immediate effect it takes effect September 1, 2017.

Local Government Impact

According to the PUC, the bill would have a significant fiscal impact on local government, however the scale of this impact cannot be determined.

According to the City of Arlington, the \$250 per node cap in the bill would lead to a loss of \$1,164 across three carriers with 105 nodes each as well as loss of a letter of credit for \$25,000 each for a total loss of \$441,660. Using similar calculations, annual estimated revenue from these fees for the City of Dallas would drop from an existing \$1.6 million to \$400,000 under the fee structure in the bill.

According to the City of Plano, current revenue is \$2,000 per site so the bill would reduce potential revenue by approximately 87% over 94 sites. This would result in revenue of \$23,500 compared to current annual revenue of \$188,000.

According to the City of Irving, annual lost revenue is \$220,500 composed of a loss of \$145,500 from lost licensing revenue and \$75,000 lost revenue from letters of credit.

According to the City of McKinney, current revenue is \$1,500 per pole and potential revenue would decrease by approximately 84% over 120 locations. This would result in revenue of \$30,000 compared to current annual revenue of \$180,000. The bill allows for equipment to be put on everything including traffic signals which the Public Works Director strongly opposes.

According to the City of San Antonio, it is anticipated that there will be requests from many certificated telecommunication providers and cable providers. This amount cannot be estimated at this time. In addition, since collocation is also allowed, the bill will impact future usage of the pole by the city and could result in situations where installation of new traffic equipment for city use would require replacement of the pole since it was fully used by network nodes. This replacement would also result in the city paying to move the carriers over to the new pole.

According to the City of Fort Worth, there would be an anticipated increase of \$100,000 in additional staff costs related to additional location coordination efforts, \$200,000 in additional costs for safety checks, and \$400,000 in additional maintenance costs.

According to the City of Denton, the loss cannot be determined but would be very significant.

Source Agencies: 473 Public Utility Commission of Texas

LBB Staff: UP, CL, GG, GP, JGA, SD, AO