

House Energy and Technology Committee Bill (19-1206)

Section by Section Summary
Legislative Council – February 15, 2019

| Section | Summary |
|-----------|--|
| Secs. 1-2 | <p>Vermont Universal Service Fund – Temporary Rate of Charge Increase</p> <ul style="list-style-type: none"> • Increases the rate by .5% for four years (total rate would be 2.5%) • Raises approximately \$1.6 million annually • Money transferred to the Connectivity Fund <ul style="list-style-type: none"> ○ \$150k set aside annually for a CUD specialist ○ Remaining amount allocated as follows: <ul style="list-style-type: none"> ▪ 45% High-Cost Program ▪ 55% Connectivity Initiative |
| Secs. 3-4 | <p>Vermont Universal Service Fund – Prepaid Wireless Service</p> <ul style="list-style-type: none"> • Universal service charge imposed on prepaid wireless service at point of sale • Commissioner of Taxes establishes registration and payment procedures consistent with sales tax procedures • New payment structure begins January 1, 2020 |
| Sec. 5 | <p>One-time appropriation of \$955k from General Fund to Connectivity Fund</p> <ul style="list-style-type: none"> • \$600k to DPS to fund grants for CUD feasibility studies • \$305k for Connectivity Initiative grants • \$50k to DPS for electric utility BB feasibility studies <p>One-time appropriation of \$45k from General Fund to the Think VT Innovation Fund</p> |
| Sec. 6 | <p>Establishment of the Think Vermont Innovation Fund</p> <ul style="list-style-type: none"> • Technical assistance/planning grants to municipalities for broadband projects |
| Sec. 7 | <p>Expansion of General Obligation Bonding Authority of Municipalities</p> <ul style="list-style-type: none"> • Can use GO bonds to finance capital improvements related to the operation of a communications plant <ul style="list-style-type: none"> ○ Speeds must meet or exceed Connectivity Initiative speeds (10/1) ○ Improvements must be for the sole purpose of providing broadband to “unserved” or “underserved” locations within the municipality ○ Muni issues an RFP seeking ISP (CUDs may respond) ○ ISP must manage and maintain the communications plant and provide broadband for at least 5 years ○ Muni must retain ownership of the plant for duration of bond repayment period ○ To every extent possible, repayment shall be made with net revenues |
| Secs. 8-9 | <p>Communications Union District Financing Authority</p> <ul style="list-style-type: none"> • Repeals requirement that notes and bonds are payable only out of district revenues |

| | |
|-------------|---|
| | |
| Sec. 10 | Placeholder for NH Chesterfield bonding language - TBD |
| | |
| Secs. 11-14 | <p>VEDA – Broadband Expansion Loan Program</p> <ul style="list-style-type: none"> • Loans for start-up and expansion enabling ISPs to expand broadband to unserved and underserved locations • VEDA adopts rules, specifying: <ul style="list-style-type: none"> ○ Maximum loan is \$1.8M ○ Eligible borrowers include munis, nonprofits, coops, and for-profits ○ May borrow up to 90% of project costs ○ Interest and principal may be deferred for up to 2 years • Maximum loan amount for the Program is \$10,800,000 • Speeds of at least 25Mbps/3Mbps available to all customers • 33% of potential customers have access to less than 10Mbps/1Mbps • At least 10% of potential customers have access to less than 4Mbps/1Mbps • \$540k to VEDA to serve as loan loss reserves • Total appropriation over life of Program shall not exceed \$8.5M • For VEDA - principal amount of bonds or notes outstanding at any one time increased from \$175M to \$181M • For VTA -bonds or notes outstanding at any one time decreased from \$40M to \$34M |
| | |
| Sec. 15 | Pole Attachments – TBD |
| | |
| Sec. 16 | <p>Electric Utility Broadband Pilot Projects</p> <ul style="list-style-type: none"> • DPS, in collaboration with ACCD and VELCO, oversee two BB market feasibility pilot projects by two distribution utilities • By September 1, 2019, DPS issues RFP • Project awards made by November 1, 2019 • Projects completed by June 1, 2020 • \$100k appropriation (TBD) |
| | |
| Sec. 17 | Creation of New DPS position – Communications Union District Specialist |
| | |
| Sec. 18 | Effective on passage, except for Sec. 3 (VUSF prepaid wireless repeal) |
| | |