

**H.360 – An Act Relating to Accelerated Community Broadband Deployment**  
 As Voted Out of the House Committee on Energy and Technology  
 Section-by-Section Summary  
*Prepared by Legislative Counsel, February 26, 2021*

Section	Summary
Sec. 1	<b>Findings and Intent</b>
Sec. 2	<p><b>Vermont Community Broadband Authority (VCBA)</b></p> <ul style="list-style-type: none"> <li>• § 8081. Policy, Findings, and Purpose           <ul style="list-style-type: none"> <li>○ Support and accelerate community efforts that advance universal access to reliable, high-quality, affordable broadband</li> <li>○ Establishes a new entity, the VCBA, to coordinate, facilitate, support, and accelerate the development and implementation of universal community broadband solutions</li> </ul> </li> <li>• § 8082. Definitions</li> <li>• § 8083. Establishment and Organization           <ul style="list-style-type: none"> <li>○ Public instrumentality performing essential governmental functions</li> <li>○ Board of Directors               <ul style="list-style-type: none"> <li>▪ 7 members                   <ul style="list-style-type: none"> <li>• Commissioner of Public Service</li> <li>• Secretary of Commerce and Community Development</li> <li>• 2 members selected by VCUDA</li> <li>• 1 member appointed by Governor (not State employee)</li> <li>• 1 member appointed by Speaker (not legislator)</li> <li>• 1 member appointed by Senate C/Committees (not legislator)</li> </ul> </li> <li>▪ Qualifications                   <ul style="list-style-type: none"> <li>• Communications technology</li> <li>• Communications law and policy</li> <li>• Broadband deployment in rural, high-cost areas</li> <li>• Finance</li> <li>• Electric utility law and policy</li> <li>• <i>Not</i> and owner/employee/member of an ISP or CUD</li> </ul> </li> <li>▪ 3-year terms</li> <li>▪ Chair and vice chair elected from among public members</li> <li>▪ Executive Director hired as chief administrative officer                   <ul style="list-style-type: none"> <li>• May retain or employ technical experts and other employees</li> </ul> </li> </ul> </li> </ul> </li> <li>• § 8084. Vermont Community Broadband Fund           <ul style="list-style-type: none"> <li>○ Special fund permitting unexpended balances to remain in the Fund</li> <li>○ To implement and effectuate policies and purposes of chapter</li> <li>○ 0.4% of revenue from the 2.4% universal service charge goes into Fund</li> </ul> </li> </ul>

- Pays operational expenses of the Authority, including a Rural Broadband Technical Assistance Specialist
    - Remaining funds used to support CUDs as authorized by chapter
- § 8085. General Powers and Duties of the Authority
  - Coordinate and facilitate community broadband efforts
  - Provide resources to CUDs (technical assistance, grants, loans)
  - Facilitate partnerships between CUDs and communications providers and electric utilities
  - Consult with VEDA and the VT Municipal Bond Bank regarding the financing of community broadband projects
  - Assist CUDs with fiber route identification and obtaining pole surveys and negotiating pole attachments
  - Identify and publish funding opportunities and assist with applications
  - Provide input to the Department of Public Service on State Telecom Plan
- § 8086. Allocation System; Funding Priorities
  - Priority to projects that:
    - Provide service to unserved underserved locations as part of a plan that achieves universal broadband coverage in a community or CUD
    - Support service capable of at least 100 Mbps symmetrical
    - Leverage federal or public-private partnership resources
    - Support low-income or disadvantaged communities
    - Promote geographic diversity of funding allocations
    - Provide consumers with affordable service options
    - Include public broadband assets that can be shared by multiple service providers and that can support a variety of public purposes
- § 8087. Community Broadband Preconstruction Grant Program
  - Grants for CUDs for preconstruction costs related to broadband projects
  - Such costs include – feasibility studies, business planning, pole data surveys, engineering and design, and make-ready work
  - Grants are scalable
- § 8088. Subordinated Loan Program
  - Loans for CUDs to support broadband projects
  - May supplement financing available under VEDA’s Broadband Expansion Loan Program
  - Lending decisions made by VCBA but serviced by VEDA
- § 8089. Annual Report
  - VCBA annual report to legislative committees
  - Description of start-up CUD progress towards achieving long-term financial sustainability not dependent on public funding
  - Progress towards meeting State goal (100 Mbps by end of year 2024)
- § 8089a. Sunset; Transfer Plan
  - Authority sunsets on July 1, 2029
  - Final annual report to General Assembly shall include a transfer plan and may include recommendation for continued existence of VCBA

<b>Sec. 3</b>	<b>Organizational Meeting; Space Allocation</b>
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	<ul style="list-style-type: none"> <li>• Within 60 days, VCBA holds its initial organizational meeting</li> <li>• DPS provides administrative support for 180 days, from VCB Fund</li> <li>• Within 60 days BGS allocates space for VCBA</li> </ul>
Sec. 4	<b>Repeal of Broadband Innovation Grant Program</b> (effective January 1, 2022)
Sec. 4a	<b>Position Transfer</b> <ul style="list-style-type: none"> <li>• Rural Broadband Technical Assistance Specialist transferred from DPS to VCBA upon hiring of VCBA Executive Director</li> </ul>
Secs. 5-6	<b>Vermont Universal Service Charge</b> <ul style="list-style-type: none"> <li>• Requires revenue from 0.4% (about \$950K annually) of the total 2.4% charge to go to the VCB Fund (for operational expenses of VCBA, then remaining funds to VCBA programs)</li> <li>• (Existing law requires these funds go to DPS for Rural Broadband Technical Assistance Specialist (\$120K), then Connectivity Initiative)</li> </ul>
Sec. 7	<b>Transfer of DPS Fiber Assets to CUDs</b> <ul style="list-style-type: none"> <li>• On or before September 30, 2021, DPS must transfer ownership of its fiber assets to CUDs, along with related contractual arrangements</li> <li>• CUD may choose not to accept fiber assets; remain with DPS unless transferred to a CUD subsequently</li> </ul>
Sec. 8	<b>Connectivity Initiative</b> (existing broadband grant program administered by DPS) <ul style="list-style-type: none"> <li>• Increases minimum speed requirement from 25/3 Mbps to 100 Mbps symmetrical</li> <li>• Unserved – less than 4/1 Mbps</li> <li>• Underserved – minimum of 4/1 Mbps, but less than 25/3 Mbps</li> <li>• Priority for unserved then underserved locations <u>that are part of a plan to achieve universal broadband coverage in a community or communications union district</u></li> <li>• DPS identifies eligible locations by E-911 address rather than census block</li> <li>• Eligible entities include CUDs and service providers working in conjunction with a CUD to provide universal broadband service in a community or CUD</li> <li>• Funding considerations expanded to include the extent to which a proposal leverages federal or private funding opportunities</li> <li>• Payment schedule reflects value of work completed</li> <li>• DPS must maintain a public inventory of funded projects</li> </ul>
Sec. 9	<b>Connectivity Initiative</b> <ul style="list-style-type: none"> <li>• As of January 1, 2022, this grant program is administered by VCBA</li> </ul>

Sec. 10	<p><b>Telecommunications and Connectivity Advisory Board</b></p> <ul style="list-style-type: none"> <li>• As of January 1, 2022, this Board, which advises DPS, no longer reviews Connectivity Initiative proposals</li> </ul>
Secs. 11-13	<p><b>VEDA’s Broadband Expansion Loan Program</b></p> <ul style="list-style-type: none"> <li>• Program established in 2019</li> <li>• Loans are for expanding broadband service to unserved and underserved Vermonters, <u>as part of a plan to achieve universal broadband coverage in a community or CUD</u></li> <li>• Intent clarified to specify goal of providing start-up loans until a borrower can refinance through, e.g., the municipal revenue bond market</li> <li>• Eligible borrowers limited to: <ul style="list-style-type: none"> <li>○ CUDs</li> <li>○ ISPs working in conjunction with a CUD as part of a plan</li> <li>○ ISPs working in conjunction with a municipality that was not part of a CUD prior to December 1, 2020 (limited to 1/6 of total allowable loans)</li> </ul> </li> <li>• Interest and principal deferral period may be extended for up to 3 years</li> <li>• Revolving loan program</li> </ul>
Sec. 15	<p><b>CUD Trade Secrets</b></p> <ul style="list-style-type: none"> <li>• Provides clarification that CUD trade secrets or confidential business information are exempt from disclosure under the Public Records Act until project completion</li> </ul>
Secs. 16-19	<p><b>Property Tax Exemption for Broadband Infrastructure</b></p> <ul style="list-style-type: none"> <li>• Exemption from State and local taxation</li> <li>• Applies to broadband infrastructure that is:</li> <li>• <u>Owned by an electric distribution utility</u>, and <ul style="list-style-type: none"> <li>○ Leased to a CUD or to an ISP working in conjunction with a CUD</li> <li>○ Primarily for the purpose of providing broadband service capable of 100 Mbps symmetrical</li> <li>○ Constructed on or after July 1, 2021</li> </ul> </li> <li>• <u>Owned by an Internet service provider</u>, and <ul style="list-style-type: none"> <li>○ Capable of at least 100 Mbps symmetrical service</li> <li>○ Part of a plan to achieve universal broadband coverage in a community or CUD with unserved and underserved locations: <ul style="list-style-type: none"> <li>▪ The plan is affirmed in writing by DPS</li> <li>▪ Broadband service is being provided under a contractual arrangement between the ISP and either a CUD or a municipality that was not part of a CUD prior to December 1, 2020</li> </ul> </li> <li>○ Constructed on or after July 1, 2021</li> </ul> </li> </ul>

	<ul style="list-style-type: none"> <li>• Statutory purpose of the exemptions is to lower the cost of broadband deployment in unserved and underserved areas of Vermont</li> <li>• Takes effect July 1, 2021</li> </ul>
Sec. 20	<p><b>Broadband Occupational Needs Survey</b></p> <ul style="list-style-type: none"> <li>• Conducted by Commissioner of Labor</li> <li>• To determine workforce needs in communications sector</li> <li>• Facilitate worker recruitment and establish a talent pipeline to support goals of act</li> <li>• Report to legislative committees January 15, 2022</li> </ul>
Sec. 21	<p><b>Incumbent Training Program</b></p> <ul style="list-style-type: none"> <li>• Established by VTC, in consultation with DOL</li> <li>• For communications installers and technicians</li> <li>• Supported by FY 2022 Training Fund appropriation – up to \$40K</li> </ul>
Sec. 22	<p><b>Broadband Installer Apprenticeship Program</b></p> <ul style="list-style-type: none"> <li>• Established by the Commissioner of Labor, working with broadband employers</li> <li>• Shall be a federally registered apprenticeship program</li> <li>• Program must meet one or more occupational needs related to installation and maintenance of broadband networks</li> </ul>
Sec. 23	<p><b>Appropriations; Funding Sources; Fund Transfers</b></p> <ul style="list-style-type: none"> <li>• Appropriations (\$30.9M) <ul style="list-style-type: none"> <li>○ \$6.3M to Community Broadband Preconstruction Grant Program</li> <li>○ \$500K to the VCB Fund to support start-up costs of the VCBA (however, VCBA must reimburse General Fund in FY 2022)</li> <li>○ \$100K to Department of Labor as follows: <ul style="list-style-type: none"> <li>▪ \$93K for apprenticeship program</li> <li>▪ \$7K for occupational needs survey</li> </ul> </li> <li>○ \$24M to VCBA for the subordinated loan program</li> </ul> </li> <li>• Funding sources <ul style="list-style-type: none"> <li>○ Unexpended CRF funds appropriated to DPS</li> <li>○ Unexpended CoverageCo funds with DPS</li> <li>○ One-time General Fund appropriations</li> </ul> </li> <li>• Fund transfers <ul style="list-style-type: none"> <li>○ Remaining funds in the DPS BIG Program as of January 1, 2022</li> <li>○ Norther Border Regional Commission grant award to DPS (\$1M) for CUD support</li> </ul> </li> </ul>
Sec. 24	<p><b>Legislative Priorities for Federal Funds</b></p> <ul style="list-style-type: none"> <li>• Federal funds potentially available to the State in FYs 2021 and 2022</li> </ul>

	<ul style="list-style-type: none"> <li>• High priority for providing support for community efforts consistent with VCBA policies, purposes, and programs</li> </ul>
Sec. 25	<p><b>Effective Dates</b></p> <ul style="list-style-type: none"> <li>• Effective on passage except: <ul style="list-style-type: none"> <li>○ Property tax exemption effective July 1, 2021</li> <li>○ Repeal of BIG Program; VCBA administration of Connectivity Initiative; TCAB revised role, effective January 1, 2022</li> </ul> </li> </ul>