

H.360 – An Act Relating to Accelerated Community Broadband Deployment

As Passed the House

Section-by-Section Summary

Prepared by Legislative Counsel, March 29, 2021

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

- 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
 - DPS may allocate up to \$9M on or before September 30, 2021
- § 8088. Construction Grant and Subordinated Debt Program
 - Grants and loans for CUDs to support broadband projects
 - Consistent with funding priorities in § 8086
 - May supplement financing available under VEDA’s Broadband Expansion Loan Program
 - Grant and lending decisions made by VCBA
 - Loans 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

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

Sec. 9	<p>Connectivity Initiative</p> <ul style="list-style-type: none"> As of January 1, 2022, this grant program is administered by VCBA
Sec. 10	<p>Telecommunications and Connectivity Advisory Board</p> <ul style="list-style-type: none"> As of January 1, 2022, this Board, which advises DPS, no longer reviews Connectivity Initiative proposals
Secs. 11-14	<p>VEDA’s Broadband Expansion Loan Program</p> <ul style="list-style-type: none"> Program established in 2019 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> Intent clarified to specify goal of providing start-up loans until a borrower can refinance through, e.g., the municipal revenue bond market Eligible borrowers limited to: <ul style="list-style-type: none"> CUDs ISPs working in conjunction with a CUD as part of a plan 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) Interest and principal deferral period may be extended for up to 3 years Revolving loan program [<i>Note:</i> Secs. 13 and 14 were left as placeholders in the event that House decided to pursue an increase in VEDA’s total lending capacity. These sections would have transferred some of the dormant VTA’s bonding authority to VEDA.]
Sec. 15	<p>CUD Trade Secrets</p> <ul style="list-style-type: none"> Provides clarification that CUD trade secrets or confidential business information are exempt from disclosure under the Public Records Act until project completion
Secs. 16-19	<p>Property Tax Exemption for Broadband Infrastructure</p> <ul style="list-style-type: none"> Exemption from State and local taxation Applies to broadband infrastructure that is: <ul style="list-style-type: none"> <u>Owned by an electric distribution utility</u>, and <ul style="list-style-type: none"> Leased to a CUD or to an ISP working in conjunction with a CUD Primarily for the purpose of providing broadband service capable of 100 Mbps symmetrical Constructed on or after July 1, 2021 <u>Owned by an Internet service provider</u>, and <ul style="list-style-type: none"> Capable of at least 100 Mbps symmetrical service

	<ul style="list-style-type: none"> ○ 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"> ▪ The plan is affirmed in writing by DPS ▪ 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 ○ Constructed on or after July 1, 2021 ● Statutory purpose of the exemptions is to lower the cost of broadband deployment in unserved and underserved areas of Vermont ● Takes effect July 1, 2021
Sec. 20	<p>Broadband Occupational Needs Survey</p> <ul style="list-style-type: none"> ● Conducted by Commissioner of Labor ● To determine workforce needs in communications sector ● Facilitate worker recruitment and establish a talent pipeline to support goals of act ● Report to legislative committees January 15, 2022 ● Employers who do not participate in supplying information for the report will not be eligible for grant funding under this act
Sec. 21	<p>Incumbent Training Program</p> <ul style="list-style-type: none"> ● Established by VTC, in consultation with DOL ● For current communications installers and technicians ● Goal is to provide skills upgrade for existing employees ● Supported by a FY 2022 Training Fund appropriation (up to \$40K). There is not a separate General Fund appropriation in this act
Sec. 22	<p>Broadband Installer Apprenticeship Program</p> <ul style="list-style-type: none"> ● Established by the Commissioner of Labor, working with broadband employers ● Shall be a federally registered apprenticeship program ● Program must meet one or more occupational needs related to installation and maintenance of broadband networks
Sec. 23	<p>Appropriations; Grant Administration</p> <ul style="list-style-type: none"> ● Commissioner of Finance and Management authorized to expend funds in anticipation of federal ARPA funds allocated to the State ● In FY 2021, \$150M of ARPA funds appropriated as follows: <ul style="list-style-type: none"> ○ \$30M for the Community Broadband Preconstruction Grant Program ○ \$120M for the Construction Grant and Subordinated Debt Program ● In FY 2021, \$100K of ARPA funds to the Department of Labor and allocated as follows: <ul style="list-style-type: none"> ○ \$3K for development of the apprenticeship program

	<ul style="list-style-type: none"> ○ \$90K for tuition and contracts with employers under the apprenticeship program ○ \$7K to cover the non-federally funded aspects of the occupational needs survey ● In FY 2022, the VCBA is authorized to expend \$500K in anticipated receipts under 30 V.S.A. § 7523(b) (0.4 percent of the Vermont Universal Service Charge) to support its start-up costs ● VCBA redesignated as administrator of \$1,000,000.00 grant award to the Department of Public Service by the Northern Border Regional Commission <ul style="list-style-type: none"> ○ Award supports CUDs ○ Funds one position, which shall be overseen and managed by VCBA
Sec. 24	<p>Legislative Priorities for Federal Funds</p> <ul style="list-style-type: none"> ● Federal funds potentially available to the State in FYs 2021 and 2022 ● High priority for providing support for community efforts consistent with VCBA policies, purposes, and programs
Sec. 25	<p>Effective Dates</p> <ul style="list-style-type: none"> ● Effective on passage except: <ul style="list-style-type: none"> ○ Property tax exemption effective July 1, 2021 ○ Repeal of BIG Program; VCBA administration of Connectivity Initiative; TCAB revised role, effective January 1, 2022