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State of Minnesota

HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. **2615**

03/03/2014 Authored by Simonson; Hamilton; Nornes; Johnson, C.; Savick and others

The bill was read for the first time and referred to the Committee on Labor, Workplace and Regulated Industries

03/10/2014 Adoption of Report: Amended and re-referred to the Committee on Jobs and Economic Development Finance and Policy

1.1 A bill for an act
1.2 relating to telecommunications; broadband; establishing a program to award
1.3 grants for the expansion of broadband service to unserved areas; appropriating
1.4 money; proposing coding for new law in Minnesota Statutes, chapter 116J.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. **[116J.394] DEFINITIONS.**

1.7 (a) For the purposes of sections 116J.394 to 116J.396, the following terms have
1.8 the meanings given them.

1.9 (b) "Broadband" or "broadband service" has the meaning given in section 116J.39,
1.10 subdivision 1, paragraph (b).

1.11 (c) "Broadband infrastructure" means networks of deployed telecommunications
1.12 equipment and technologies necessary to provide high-speed Internet access and other
1.13 advanced telecommunications services for end-users.

1.14 (d) "Commissioner" means the commissioner of the Department of Employment and
1.15 Economic Development.

1.16 (e) "Last-mile infrastructure" means broadband infrastructure that serves as the
1.17 final leg connecting the broadband service provider's network to the end-use customer's
1.18 on-premises telecommunications equipment.

1.19 (f) "Middle-mile infrastructure" means broadband infrastructure that links a
1.20 broadband service provider's core network infrastructure to last-mile infrastructure.

1.21 (g) "Political subdivision" means any county, city, town, school district, special
1.22 district or other political subdivision, or public corporation.

2.1 (h) "Unserved areas" means areas of Minnesota in which households or businesses
2.2 lack access to broadband service at speeds that meet the state broadband goals of ten to 20
2.3 megabits per second download and five to ten megabits per second upload.

2.4 Sec. 2. **[116J.395] BORDER-TO-BORDER BROADBAND DEVELOPMENT**
2.5 **GRANT AND LOAN PROGRAM.**

2.6 Subdivision 1. **Establishment.** A grant and loan program is established under the
2.7 commissioner of employment and economic development to award grants and loans to
2.8 eligible applicants in order to promote the expansion of access to broadband service in
2.9 unserved areas of the state.

2.10 Subd. 2. **Eligible expenditures.** Grants and loans may be awarded under this
2.11 section to fund the acquisition and installation of middle-mile and last-mile infrastructure
2.12 in unserved areas that support broadband service scalable to speeds of at least 100
2.13 megabits per second download and 100 megabits per second upload.

2.14 Subd. 3. **Eligible applicants.** Eligible applicants for grants and loans awarded
2.15 under this section include:

- 2.16 (1) an incorporated business or a partnership;
2.17 (2) a political subdivision;
2.18 (3) an Indian tribe;
2.19 (4) a Minnesota nonprofit organization organized under chapter 317A;
2.20 (5) a Minnesota cooperative association organized under chapter 308A or 308B; and
2.21 (6) a Minnesota limited liability corporation organized under chapter 322B for the
2.22 purpose of expanding broadband access.

2.23 Subd. 4. **Application process.** An eligible applicant must submit an application
2.24 to the commissioner on a form prescribed by the commissioner. The commissioner shall
2.25 develop administrative procedures governing the application and grant and loan award
2.26 process. The commissioner shall act as fiscal agent for the grant and loan program and
2.27 shall be responsible for receiving and reviewing grant and loan applications and awarding
2.28 grants and loans under this section.

2.29 Subd. 5. **Application contents.** An applicant for a grant or loan under this section
2.30 shall provide the following information on the application:

- 2.31 (1) the location of the project;
2.32 (2) the kind and amount of broadband infrastructure to be purchased for the project;
2.33 (3) evidence regarding the unserved nature of the community in which the project is
2.34 to be located;

3.1 (4) the number of end-users who will have access to broadband service as a result of
 3.2 the project, or whose broadband service will be upgraded as a result of the project;

3.3 (5) significant community institutions that will benefit from the proposed project;

3.4 (6) evidence of community support for the project;

3.5 (7) the total cost of the project;

3.6 (8) sources of funding or in-kind contributions for the project that will supplement
 3.7 any grant award; and

3.8 (9) any additional information requested by the commissioner.

3.9 Subd. 6. **Awarding grants and loans.** (a) In evaluating applications and awarding
 3.10 grants and loans under this section, the commissioner shall give priority to applications that:

3.11 (1) are constructed in areas identified by the director of the Office of Broadband
 3.12 Development as unserved;

3.13 (2) offer new or substantially upgraded broadband service to important community
 3.14 institutions, including, but not limited to, libraries, educational institutions, public safety
 3.15 facilities, and healthcare facilities;

3.16 (3) facilitate the use of telemedicine and electronic health records;

3.17 (4) serve economically distressed areas of the state, as measured by indices of
 3.18 unemployment, poverty, or population loss that are significantly greater than the statewide
 3.19 average;

3.20 (5) provide technical support and train residents, businesses, and institutions in the
 3.21 community served by the project to utilize broadband service;

3.22 (6) include a component to actively promote the adoption of the newly available
 3.23 broadband services in the community;

3.24 (7) provide evidence of strong support for the project from citizens, government,
 3.25 businesses, and institutions in the community;

3.26 (8) provide access to broadband service to a greater number of unserved households
 3.27 and businesses; and

3.28 (9) leverage greater amounts of funding for the project from other private and
 3.29 public sources.

3.30 (b) The commissioner shall endeavor to award grants under this section to qualified
 3.31 applicants in all regions of the state.

3.32 Subd. 7. **Limitations.** (a) No grant or loan awarded under this section may fund
 3.33 more than 50 percent of the total cost of a project.

3.34 (b) If a project is awarded both a grant and loan under this section, the combined
 3.35 amount of the grant and loan may not exceed 50 percent of the total cost of a project.

3.36 **EFFECTIVE DATE.** This section is effective the day following final enactment.

4.1 Sec. 3. **[116J.396] BORDER-TO-BORDER BROADBAND FUND.**

4.2 Subdivision 1. **Account established.** The border-to-border broadband fund account
4.3 is established as a separate account in the state treasury. The commissioner shall credit
4.4 to the account appropriations and transfers to the account. Earnings, such as interest,
4.5 dividends, and any other earnings arising from assets of the account, must be credited to
4.6 the account. Funds remaining in the account at the end of a fiscal year are not canceled
4.7 to the general fund, but remain in the account until expended. The commissioner shall
4.8 manage the account.

4.9 Subd. 2. **Expenditures.** Money in the account may be used only:

4.10 (1) for grant and loan awards made under section 116J.395, including reasonable
4.11 expenses incurred by the Department of Employment and Economic Development to
4.12 administer that section; or

4.13 (2) to supplement revenues raised by bonds sold by local units of government for
4.14 broadband infrastructure development.

4.15 Subd. 3. **Appropriation.** Money in the account is appropriated to the commissioner
4.16 for the purposes of subdivision 2.

4.17 **EFFECTIVE DATE.** This section is effective the day following final enactment.

4.18 Sec. 4. **APPROPRIATION.**

4.19 \$100,000,000 is appropriated from the general fund to the commissioner of
4.20 employment and economic development to award grants and loans for the development of
4.21 broadband infrastructure under Minnesota Statutes, section 116J.395, or to supplement
4.22 revenues raised by bonds sold by local units of government for broadband infrastructure
4.23 development. This appropriation does not cancel to the general fund but remains available
4.24 until expended.