

128th MAINE LEGISLATURE

FIRST REGULAR SESSION-2017

Legislative Document

No. 140

H.P. 98

House of Representatives, January 19, 2017

An Act To Authorize a General Fund Bond Issue To Support Entrepreneurial Activity, Attract Business and Enhance Demographic In-migration by Investing in High-speed Broadband Infrastructure and To Amend the Law Governing the Municipal Gigabit Broadband Network Access Fund

Reference to the Committee on Appropriations and Financial Affairs suggested and ordered printed.

R(+ B. Hunt ROBERT B. HUNT

Clerk

Presented by Representative HIGGINS of Dover-Foxcroft.
Cosponsored by Senator BELLOWS of Kennebec and
Representatives: BERRY of Bowdoinham, FOLEY of Wells, GROHMAN of Biddeford,
McCREA of Fort Fairfield, STEWART of Presque Isle, Senators: DION of Cumberland,
MAKER of Washington, WOODSOME of York.

2 accordance with the Constitution of Maine, Article IX, Section 14 to authorize the 3 issuance of bonds on behalf of the State of Maine to provide funds as described in this 4 5 Be it enacted by the People of the State of Maine as follows: 6 **PART A** 7 Sec. A-1. Authorization of bonds. The Treasurer of State is authorized, under 8 the direction of the Governor, to issue bonds in the name and on behalf of the State in an amount not exceeding \$10,000,000 for the purposes described in section 5 of this Part. 9 The bonds are a pledge of the full faith and credit of the State. The bonds may not run for 10 a period longer than 10 years from the date of the original issue of the bonds. 11 Sec. A-2. Records of bonds issued; Treasurer of State. The Treasurer of 12 State shall ensure that an account of each bond is kept showing the number of the bond, 13 14 the name of the successful bidder to whom sold, the amount received for the bond, the 15 date of sale and the date when payable. 16 Sec. A-3. Sale; how negotiated; proceeds appropriated. The Treasurer of State may negotiate the sale of the bonds by direction of the Governor, but no bond may 17 be loaned, pledged or hypothecated on behalf of the State. The proceeds of the sale of the 18 19 bonds, which must be held by the Treasurer of State and paid by the Treasurer of State upon warrants drawn by the State Controller, are appropriated solely for the purposes set 20 forth in this Part. Any unencumbered balances remaining at the completion of the project 21 in this Part lapse to the Office of the Treasurer of State to be used for the retirement of 22 23 general obligation bonds. 24 **Sec. A-4. Interest and debt retirement.** The Treasurer of State shall pay interest due or accruing on any bonds issued under this Part and all sums coming due for 25 26 payment of bonds at maturity. 27 Sec. A-5. Disbursement of bond proceeds from General Fund bond issue. The proceeds of the sale of the bonds authorized under this Part must be expended as 28 29 designated in the following schedule under the direction and supervision of the agencies 30 and entities set forth in this section. 31 32 **CONNECTME AUTHORITY** Provides funds to the Municipal Gigabit Broadband Network Access Fund to be used 33 34 for grants to municipalities for high-speed broadband infrastructure development and 35 improvement. 36 Total \$10,000,000

Preamble. Two thirds of both Houses of the Legislature deeming it necessary in

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Sec. A-6. Contingent upon ratification of bond issue. Sections 1 to 5 do not become effective unless the people of the State ratify the issuance of the bonds as set forth in this Part.

- **Sec. A-7. Appropriation balances at year-end.** At the end of each fiscal year, all unencumbered appropriation balances representing state money carry forward. Bond proceeds that have not been expended within 10 years after the date of the sale of the bonds lapse to the Office of the Treasurer of State to be used for the retirement of general obligation bonds.
- **Sec. A-8. Bonds authorized but not issued.** Any bonds authorized but not issued within 5 years of ratification of this Part are deauthorized and may not be issued, except that the Legislature may, within 2 years after the expiration of that 5-year period, extend the period for issuing any remaining unissued bonds for an additional amount of time not to exceed 5 years.
- Sec. A-9. Referendum for ratification; submission at election; form of question; effective date. This Part must be submitted to the legal voters of the State at a statewide election held in the month of November following passage of this Act. The municipal officers of this State shall notify the inhabitants of their respective cities, towns and plantations to meet, in the manner prescribed by law for holding a statewide election, to vote on the acceptance or rejection of this Part by voting on the following question:

"Do you favor a \$10,000,000 bond issue to financially assist municipalities and multimunicipal regions in unserved and underserved areas in the expansion and enhancement of high-speed broadband Internet infrastructure?"

The legal voters of each city, town and plantation shall vote by ballot on this question and designate their choice by a cross or check mark placed within a corresponding square below the word "Yes" or "No." The ballots must be received, sorted, counted and declared in open ward, town and plantation meetings and returns made to the Secretary of State in the same manner as votes for members of the Legislature. The Governor shall review the returns. If a majority of the legal votes are cast in favor of this Part, the Governor shall proclaim the result without delay and this Part becomes effective 30 days after the date of the proclamation.

The Secretary of State shall prepare and furnish to each city, town and plantation all ballots, returns and copies of this Part necessary to carry out the purposes of this referendum.

35 PART B

Sec. B-1. Bond funding. The ConnectME Authority, established in the Maine Revised Statutes, Title 35-A, section 9203, shall use funds provided pursuant to the General Fund bond issue authorized in Part A of this Act to support entrepreneurial activity, attract business and enhance demographic in-migration by investing in high-speed broadband infrastructure solely through implementation grants awarded from the Municipal Gigabit Broadband Network Access Fund pursuant to Title 35-A, section

1 2 3 4	9211-A. Such grants must be used solely for open-access nondiscriminatory broadband infrastructure in unserved or underserved areas. A grant applicant may include a proposal that uses a public-private partnership arrangement with an existing Internet service provider.
5 6	Sec. B-2. Contingent effective date. This Part takes effect only if the General Fund bond issue proposed in Part A of this Act is approved by the voters of this State.
7	PART C
8 9	Sec. C-1. 35-A MRSA §9211-A, sub-§4, as enacted by PL 2015, c. 323, §1, is amended to read:
10 11 12	4. Implementation grants. To the extent funds are available, the authority shall award implementation grants to achieve the purpose of the fund as described in subsection 3 as follows.
13 14	A. An implementation grant to an applicant may not exceed \$200,000 for each municipality served by an eligible project selected for funding.
15 16 17 18	B. An implementation grant may be awarded only to an applicant that has demonstrated to the satisfaction of the authority that it has participated in a met the planning grant process as requirements described in subsections subsection 5, paragraph B and subsections 6 and 7.
19 20 21 22 23	C. Municipalities selected for funding must be required to provide a 25% cash match. Municipalities selected for funding that have satisfied paragraph B without planning grant funding from the authority may deduct the equivalent of municipal funds expended for the purpose of broadband infrastructure planning from the 25% cash match requirement.
24 25	Sec. C-2. 35-A MRSA §9211-A, sub-§6, ¶¶ D and E, as enacted by PL 2015, c. 323, §1, are amended to read:
26 27 28 29 30	D. One or more potential network designs, cost estimates, operating models and potential business models, based on input from broadband providers operating within the municipality, municipalities or region and any other parties that submit a network design solution, to address any broadband gaps identified in the analysis described in paragraph C; and
31 32 33	E. An assessment of all existing municipal procedures, policies, rules and ordinances that may have the effect of delaying or increasing the cost of broadband infrastructure deployment-: and
34	Sec. C-3. 35-A MRSA §9211-A, sub-§6, ¶F is enacted to read:
35 36 37	F. A summary of how the network will be built, operated and maintained once implemented, including a postconstruction plan generally describing the intended continued operation and maintenance of the newly built infrastructure.
38 39	Sec. C-4. Contingent effective date. This Part takes effect only if the General Fund bond issue proposed in Part A of this Act is approved by the voters of this State.

1 SUMMARY

Part A of this bill authorizes a General Fund bond issue, in the amount of \$10,000,000, to be allocated to the Municipal Gigabit Broadband Network Access Fund and distributed by the ConnectME Authority through implementation grants in order to expand high-speed broadband Internet infrastructure in unserved and underserved areas.

Part B of the bill limits the use of the funds under Part A to implementation grants awarded from the Municipal Gigabit Broadband Network Access Fund and requires the grants to be expended on open-access nondiscriminatory broadband infrastructure in unserved or underserved areas.

Part C of the bill amends the laws establishing the Municipal Gigabit Broadband Network Access Fund to require planning grant applicants to plan for postconstruction operation and maintenance. Part C clarifies that a municipality may be eligible for ConnectME Authority implementation grant funds without relying on planning grant funds from the authority if the municipality meets certain statutory planning requirements. Part C also clarifies that municipally financed planning expenditures may be deducted from the 25% cash match requirement of the implementation grant. The changes made in Part C are contingent on the ratification of the bond issue in Part A by the voters of the State.