GENERAL ASSEMBLY OF NORTH CAROLINA SESSION 2023

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SENATE BILL 743 Health Care Committee Substitute Adopted 4/20/23 House Committee Substitute Favorable 6/27/24

Short Title: Broadband/Grant Changes.

(Public)

Sponsors:

Referred to:

April 10, 2023

A BILL TO BE ENTITLED

- 3 GRANT FUNDS TO THE HOUSING TRUST FUND.
- 4 The General Assembly of North Carolina enacts:

6 **BEAD GRANT PROGRAM**

SECTION 1.1.(a) Definitions. – As used in this section, the following definitions apply:

- (1) BEAD. Broadband Equity, Access, and Deployment.
- (1a) Broadband service. For the purposes of this section, a terrestrially deployed mass-market retail service by wire or radio that provides the capability to transmit data to and receive data from all or substantially all internet endpoints, including any capabilities that are incidental to and enable the operation of the communications service, but excluding dial-up internet access service.
 - (2) Broadband serviceable location (BSL). A location where broadband service is or could be installed, as identified by the Federal Communications Commission for purposes of its Broadband DATA Maps.
 - (3) Community anchor institution (CAI). A school, library, health clinic, health center, hospital or other medical provider, public safety entity, institution of higher education, public housing organization, or community support organization that facilitates greater use of broadband service by vulnerable populations, including, but not limited to, low-income individuals, unemployed individuals, and aged individuals.
 - (4) Department. The Department of Information Technology.
 - (5) Eligible location. An unserved or underserved BSL not located in a protected area or a CAI where qualifying broadband service is not available.
- Eligible project. A discrete and specific project intended to construct and 28 (6)deploy qualifying broadband service to an eligible location or to a 29 combination of eligible locations. A "project" may constitute a single 30 31 unserved or underserved BSL, or a grouping of BSLs in which not less than eighty percent (80%) of BSLs served by the project are unserved or 32 underserved locations, provided that the Office may not award funding under 33 this section to construct and deploy infrastructure for the provision of 34 35 qualifying broadband service to any served BSL.



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1 2	(7)	Extremely high cost per location threshold. – A BE location above which the Office may decline to select	a proposal if use of an
3		alternative technology meeting the BEAD program's	1
4		is necessitated by the fact that selection of an eligible	
5		provision service via end-to-end fiber-optic facilit	
6		premises would be cost prohibitive. The Office will d	
7 8		for calculating this threshold in a manner that maxi	
8 9		available technology while ensuring that the program ca	
9 10		the prioritization requirements. The Office will post public comment before implementation. The Office	
10		determined that it does not have sufficient fun	
12		highest-scoring application in the initial round describe	-
12		the extremely high cost per location threshold in the in	
13 14	(7a)	FCC. – The Federal Communications Commission.	Indi Tound.
15	(8)	High-cost outlier. – Any unserved or underserved loc	ation that an applicant
16	(0)	identifies as a risk to disproportionately affect the cost of	
17		budget.	
18	(9)	IIJA. – Infrastructure Investment and Jobs Act (P.L. 11	17-58).
19	(9a)	Infrastructure Facilities, equipment, materials, and s	tructures that an entity
20		installs either for its core business or public enterpris	se purposes. Examples
21		include, but are not limited to, copper wire, coaxial cab	ole, optical cable, loose
22		tube cable, communication huts, conduits, vaults, pa	atch panels, mounting
23		hardware, poles, generators, battery and cabinet, net	
24		routers, network switches, microwave relay, micro	
25		routers, outdoor cabinets, towers, easements, rights-of	
26		structures owned by the entity that are made available	ilable for location or
27	(10)	collocation purposes.	mation of buoodboud
28 29	(10)	Infrastructure costs. – Costs related to the constr infrastructure for the extension of broadband service	
29 30		including installation, acquiring or updating	- - - -
31		infrastructure, and testing costs. The term also include	
32		other costs associated with securing a lease to locate or o	
33		on public or private property or structures, but not	
34		monthly lease payment. The term does not include over	0
35		costs.	
36	(11)	Low-cost broadband service option A broadband	nd service offered to
37		low-income households that meets the eligibility require	rements for the federal
38		Affordable Connectivity Program, or similar replace	ement program, in the
39		project area for at least the length of time defined by fe	ederal requirements. A
40		low-cost broadband service option must be made ava	ailable and include the
41		following elements:	
42		a. Provide typical download speeds of at least	100 Mbps and typical
43		upload speeds of at least 20 Mbps.	1 100
44 45		b. Provide typical latency measurements of milliseconds.	
46		c. Not be subject to nongovernmental imposed sur	
47		only to the same acceptable use policies to w	
48		other broadband internet access service pla	
49 50		subscribers by the participating subgrantee mus	
50 51		d. Shall be offered at a price that does not exceed in the ECC's 2024 Urban Pate Survey data	
51		in the FCC's 2024 Urban Rate Survey data	IUI LINCU DIVAUVAILU

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1 2 3 4		Service for a service offering in Nort download speed of 100 Mbps, upload unlimited capacity allowance. The price subgrantee based on the Consumer Price	speed of 20 Mbps, and an ce may be adjusted by the
5 6		United States Bureau of Labor Statistics, I	• •
0 7		in the first new calendar year after the datee. In the event the provider later increase	
8		low-cost plans, it will permit eligible su	-
9		to that plan to upgrade to those new	speeds at no more than a
10	(12)	commensurate change in cost.	
11 12	(12)	Multi-dwelling units (MDUs). – Multiple separ single or several buildings.	ate residential units within a
12	(13)	NTIA. – The National Telecommunications and	Information Administration
14	()	of the United States Department of Commerce.	
15	(14)	Office The Broadband Infrastructure Off	ice in the Department of
16 17	(15)	Information Technology.	le commitment es defined in
17	(15)	Protected areas. – BSLs subject to an enforceab the NTIA Notice of Funding Opportunity or	
19		provider has been designated to receive funds thr	
20		funded programs designed specifically for the	
21		broadband service if such funding is intended	
22 23		broadband to the location within 18 months or funding program or if the broadband service p	
23 24		funding program, or if the broadband service pastanding with the funding agency's regulation	
25		program. Any CAI where a private provid	
26		satisfactory to the Department that such provide	er currently offers broadband
27		service that will be scalable to a qualifying	
28 29		conclusion of the challenge process shall be also submission of documentation satisfactory to the	
30		remain protected until project completion.	onnee, a protected area shan
31	(16)	Qualifying broadband service. – A reliable bro	badband service meeting the
32		following criteria:	- 1 - f
33 34		a. To a location that is not a CAI with a spe for downloads and not less than 20 Mbps	-
35		b. To a CAI with a speed of not less than	-
36		uploads.	1
37	(17)	Reliable broadband service. – Terrestrial-based	
38		ninety-five percent (95%) of latency measurem	6 6
39 40		falling at or below 100 milliseconds round-trip tip to ensure that network outages should not excee	
41		any 365-day period except in the case of nati	-
42		majeure occurrences. Locations served exclusion	
43		fixed wireless services utilizing entirely licensed	
44 45		licensed and unlicensed spectrum, or a technolo	
43 46		for purposes of its Broadband DATA Maps, d "reliable broadband service" and will be con	
47		purposes of determining eligible locations.	
48	(18)	Secretary The Secretary of Information Techn	
49 50	(19)	Subgrantee. – An eligible recipient who receives project.	BEAD funds for an eligible

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1 2 2	(20)	Underserved. – A BSL that has access to reliable broad or greater than 25 Mbps download and 3 Mbps upload b	ut less than 100 Mbps
3		download and 20 Mbps upload. Unless otherwise	2
4		Department based on competent findings of fact, loc	
5		Broadband DATA Maps show to have available qualify	0
6		delivered via (i) DSL or (ii) terrestrial fixed wireless ser	.
7		licensed spectrum, or using a hybrid of licensed and	1
8		shall be considered "underserved" for the purpose of	determining eligible
9	$\langle 0 1 \rangle$	locations.	1 1 11 1 '
10	(21)	Unserved. – A BSL that does not have access to reliab	
11		with transmission speeds of at least 25 Mbps downloa	a and at least 3 Mops
12	SEC	upload.	nt as defined in this
13		FION 1.1.(b) Consistency With Federal Law. – Exce	
14 15		this section shall have the meaning prescribed to them g Opportunity for the BEAD Program (BEAD NOFO) p	
15 16		cluding any subsequent guidance issued by NTIA with r	
10		e of the BEAD NOFO. In the event of any actual conflic	
18		ments contained in the IIJA, the provisions of the IIJA	
10		-	-
20	Should any instances of actual conflict arise, the Department shall report to the Joint Legislative		
20	Oversight Committee on Information Technology and the Fiscal Research Division any actions taken to conform with federal law.		
22		FION 1.1.(c) Consistency With State Policy. – Consistent	with the policy of the
23		shall not prescribe the rates of service which applicants	1 i
24		1 11	•
25	the Office indirectly regulate the rates of service which applicants may deliver by affording any preference or differentiated scoring weight based on the specific rate of service which an		
26	applicant may deliver. The Office shall not make mandatory any optional conditions contained		
27	in Section IV.C.1.e. of the BEAD NOFO.		
28		FION 1.1.(d) GREAT 3.0 Fund. – The Growing Rural Ed	conomies with Access
29		or Broadband Equity, Access, and Deployment Fund (
30		special revenue fund in the Department of Informati	
31		ward subgrants from the GREAT 3.0 Fund to eligible	
32		te shall not be obligated for funds committed for project c	
33	3.0 Fund in exces	s of those sums appropriated by the General Assembly to	the GREAT 3.0 Fund.
34	The funds shall b	e used by the eligible recipient to pay for infrastructure co	osts associated with an
35	eligible project.	State and federal funds appropriated to this Fund sh	all be considered an
36	information tech	nology project within the meaning of G.S. 143C-1-2.	The grants shall be
37	considered fixed	amount subawards for purposes of the federal requirement	ts within the meaning
38	of the Policy Not	ice on Tailoring the Application of the Uniform Guidance	to the BEAD Program
39	issued by the N7	TA. The Office shall further make available to awardees	s all options available
40	under the BEAD	Letter of Credit Waiver issued by NTIA.	
41	SECT	FION 1.1.(e) Priority. – The Office shall prioritize projec	ts proposed to address
42	the following in	order:	
43	(1)	Unserved BSLs.	
44	(2)	Underserved BSLs.	
45	(3)	Community anchor institutions.	
46		TION 1.1.(f) Project Proposals; Use of Funds. – The Office	• • •
47		d BSLs, underserved BSLs, and community anchor institute	•
48	separately, provi	ded that it prioritizes awarding projects that address, at m	inimum, all unserved

separately, provided that it prioritizes awarding projects that address, at minimum, all unserved
 BSLs. Once the Office reports that projects will address all unserved BSLs, it shall prioritize

projects that address, at minimum, all underserved BSLs. If the Department has entered into

50 projects that address, at minimum, an underserved BSLS. If the Department has entered into 51 subgrant agreements for deployment of service to all unserved and underserved locations in the

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State, it may use any remaining funds in the GREAT 3.0 Fund for digital literacy and awareness
 or other purposes consistent with nondeployment activities described in the BEAD NOFO.

3 **SECTION 1.1.(g)** Challenge Process. – The Office shall develop and implement a 4 formal challenge process that conforms with the published regulations and guidelines of the 5 BEAD program, including the requirement that challenges based upon speed tests must be 6 conducted and submitted in conformance with the specifications of the NTIA's speed test 7 guidance and may not be submitted by an individual subscriber. In developing the challenge 8 process, the Office shall solicit input from stakeholders and consider the adaptability of the 9 challenge process to fit existing State broadband grant programs and all applicable federal 10 requirements. The challenge process shall be open to submissions from internet providers, county 11 and municipal government entities, and community anchor institutions and shall establish procedures that allow a period of at least 30 calendar days of the opening of the challenge window 12 13 to submit challenges, and a period of at least 30 calendar days from notification of any challenge 14 to the classification of a location determined to be valid by the Office during the challenge phase 15 for the submission of rebuttal evidence. Prior to selecting subgrantees, the Office shall publish a 16 statewide map indicating eligible locations that may be included in an eligible project.

17 **SECTION 1.1.(h)** Prequalification. – The Office shall develop a prequalification 18 process to identify potential subgrantees with the financial, managerial, operational, and 19 technical capacity to complete an eligible project. The Office shall prequalify broadband service 20 providers based on the minimum eligibility criteria in the GREAT 3.0 program. Information 21 submitted by a broadband service provider as part of the prequalification process may be considered during the subgrantee selection process. Information contained in an application that 22 23 is identified as proprietary by an applicant for a subgrant pursuant to the prequalification process 24 shall not be considered a public record.

SECTION 1.1.(i) Applications. – The Office shall develop a subgrantee selection process that shall be administered in multiple rounds. Applications for subgrants will be submitted at times designated by the Office and will include, at a minimum, the following information:

- The identity of the applicant and its qualifications and experience with broadband deployment and administration of federal subgrants.
 The total cost and duration of the proposed project.
 The amount to be funded by the applicant. The applicant shall fund a minimum of twenty-five percent (25%) of the cost of the project unless the minimum of the applicant of the project of the project
 - minimum of twenty-five percent (25%) of the cost of the project unless the project is in an NTIA-defined high-cost area or a waiver is granted pursuant to the BEAD Program guidelines as set forth by NTIA.
 - (4) A list of the eligible locations that will have access to qualifying broadband service as a result of the project.
- (5) The proposed construction time line, not to exceed four years, unless the Department extends the four-year deadline if (i) the subgrantee has a specific plan for use of the grant funds, with project completion expected by a specific date not more than one year after the four-year deadline, (ii) the construction project is underway, or (iii) extenuating circumstances require an extension of time to allow the project to be completed.
 - (6) A description of the services to be provided, including the proposed upload and download broadband speeds to be delivered.
- 46 (7) A description of proposed cost tiers available to customers upon completion
 47 of the proposed project.
- 48 (8) A description of the applicant's proposed low-cost broadband service option
 49 applicable to eligible subscribers in BEAD-funded areas. The Office may not
 50 impose additional requirements on qualifying low-cost service options as a
 51 condition of grant eligibility.

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1	(9)	Technology type of the proposed service.	
2	(10)	Any other information or supplementary documentatio	n requested by the
3		Office. The Office shall ensure that subgrant application	s contain sufficient
4		information to allow the Office to reasonably evaluate su	bgrantees' ability to
5		comply with all program requirements, including all subgr	antee qualifications
6		and conditions required under federal law.	-
7	SECT	TION 1.1.(j) Competitive Subgrantee Selection Process.	- The Office shall
8	implement a com	petitive subgrantee selection process that conforms with p	ublished regulations
9	and guidelines un	der the BEAD Program under the IIJA. Applications received	ng the highest score
10	shall receive prio	rity status for the awarding of subgrants pursuant to this sec	ction. As a means of
11	breaking a tie fo	r applications receiving the same score, the Office shall	give priority to the
12	application propo	osing to serve the highest number of new unserved and une	derserved locations.
13	Applications sha	Il be scored on an objective 100-point scale that is put	plished prior to the

13 Applications shall be scored on an objective 100-point scale that is published prior to the submission of applications for subgrants. The Office shall determine whether or not a subgrantee 14 15 has the capacity to perform multiple projects and shall not be required to award multiple projects to a prequalified subgrantee that has failed to demonstrate its ability to perform. 16

17 **SECTION 1.1.(k)** Subgrant Award Agreements. – Applicants awarded subgrants 18 pursuant to this section shall enter into an agreement with the Office. Selections are contingent 19 until an agreement is executed. The agreement shall contain all of the elements outlined in 20 subsection (i) of this section and any other provisions the Office may require; provided, however, 21 the Department may not impose requirements or contract conditions requiring that broadband 22 service be offered at a specific price or that otherwise constitutes rate regulation. The agreement 23 shall contain a provision governing the time line, milestones, and minimum requirements and 24 thresholds for disbursement of grant funds measured by the progress of the project or disbursed 25 on any other basis that may be necessary to effectuate every option made available in the BEAD 26 Letter of Credit Waiver issued by NTIA on November 1, 2023. If applicable, the agreement shall 27 identify the amount of matching funds the subgrantee must contribute to the project. The Office 28 shall monitor the project to ensure (i) that the subgrantee is making adequate progress towards 29 project completion by the required deadline, (ii) compliance with all relevant and applicable 30 federal, State, and local laws, rules, and regulations, and (iii) compliance with all NTIA 31 guidelines for the BEAD Program and any guidelines developed by the Office.

32 **SECTION 1.1.**(*l*) Letter of Credit. – The Office shall require a letter of credit or an 33 alternative form of satisfactory performance security, such as a performance bond, from the 34 subgrantee to secure the subgrantee's performance of its obligations under the grant contract 35 consistent with the federal requirements. The Office shall give full effect to the NTIA BEAD 36 Letter of Credit Waiver as a means of enabling a subgrantee to satisfy the requirements of this 37 subsection. Subject to further waiver from NTIA to the extent the same may be required, the 38 Office shall permit an alternative means of satisfying the requirement of this subsection for a 39 subgrantee that demonstrates that it has more than one hundred million dollars (\$100,000,000) 40 in telecommunications or electric plant in production in the State.

SECTION 1.1.(m) Annual Report. – The Department of Information Technology 41 42 shall submit an annual report to the Joint Legislative Oversight Committee on Information 43 Technology and the Fiscal Research Division upon completion of each funding round. The report 44 shall contain at least all of the following:

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- The number of subgrant projects applied for and the number of grant (1)agreements entered into.
- 47 48
- A time line for each subgrant agreement and the number of households and (2)businesses expected to benefit from each agreement.
- 49 The amount of matching funds required for each agreement and the total (3)50 amount of investment.

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(4)	A summary of areas receiving subgrants that are now broadband service and the advertised broadband speeds for	•
(5)	Any breaches of agreements, grant fund forfeitures, or subs or refunds of matching funds.	equent reductions
(6)	Any recommendations for the GREAT 3.0 program, includ and methods for improving outcomes and accountability.	ing better sources
SEC	FION 1.1.(n) Progress Report. – Upon completion of two rou	nds of subgrantee
	Department shall report to the Joint Legislative Oversigh	
	hnology and the Fiscal Research Division the following:	
(1)	The number of remaining unserved and underserved locatio	ns in the State.
(2)	The amount of remaining funding for the GREAT 3.0 progr	
(3)	The estimated amount of subgrant funding needed to award	
	all remaining unserved and underserved locations in the Sta	
(4)	The amount of funding available for nondeployment activiti	
SECT	FION 1.1.(0) Retention of Funds. – In administering the II.	A for the BEAD
Program, the Dep	partment may utilize up to two percent (2%) of allocated BEA	D grant funds for
planning and adm	ninistrative purposes.	
SECT	FION 1.1.(p) Section 38.10(p) of S.L. 2021-180 reads as rew	ritten:
"SECTION .	38.10.(p) This section is effective when it becomes law. Subse	ctions (b) through
(k) of this section	n expire December 31, 2024."	
SECT	FION 1.1.(q) The State Controller shall establish a Broadban	d Equity, Access,
1 .	Reserve (Reserve) in the General Fund to maintain federal fun	
	structure Investment and Jobs Act (P.L. 117-58) for the B	
	loyment Program. The State Controller shall transfer funds to the	
	Access to Technology for Broadband Equity, Access, and I	1 0
	bsection (d) of this section only as needed to meet the approp	
	subsequent legislation. Funds reserved in the Reserve do not constitute an "appropriation made	
by law," as that p	phrase is used in Section 7(1) of Article V of the North Carolin	na Constitution.
	GACCESS TO BROADBAND PROGRAM CHANGES	
	FION 2.1.(a) Notwithstanding the county project cost	1 .
	1(d) and (e), of the funds appropriated to the Department	
	partment) from the State Fiscal Recovery Fund and the Co	1
	r projects under the Completing Access to Broadband grant pr	0 0 /
	73.1, the Department shall utilize up to one hundred ninet	•
	o provide the county project cost responsibility required in G.S.	• •
-	project cost responsibility for the 37 counties that have contributed in the Program and provide the county match as of	
	articipate in the Program and provide the county match as of	
	ine to accept any portion of the county project cost responsibilities described in this subsection by notifying the Department with	
effective date of		in 50 days of the
	FION 2.1.(b) G.S. 143B-1373.1 reads as rewritten:	
	Completing Access to Broadband program.	
ş 1 4 5 D -1575.1.	Completing Access to Droauband program.	
(d) A bro	badband service provider selected for a project under this s	ection may -shall
. ,	<u>least</u> thirty percent (30%) of the total estimated project cost	•
· · · —	to thirty five seventy percent (35%) (70%) of the total estimated project cost	•
	he CAB Fund. The county requesting the project shall be response	
	nt (35%) of the total estimated project cost and shall utilize	
	(P.L. 117-2) funds or nonrestricted general funds for that pur	
	es are insufficient to fund a project, a county may increase its	
- •••••• mom		

1 estimated project cost, or the Office may adjust the scope of the project to meet the level of 2 available funding. No county may receive more than eight million dollars (\$8,000,000) in 3 aggregate funding from the CAB Fund in any single fiscal year. 4 Notwithstanding the project cost responsibility allocations in subsection (d) of this (e) 5 section, for a county receiving from the federal government less than an aggregate of eight 6 million dollars (\$8,000,000) in federal American Rescue Plan Act (P.L. 117-2) funds, a 7 broadband service provider selected for a project shall provide not less than fifteen percent (15%) 8 of the total estimated project cost. If a broadband service provider provides more than fifteen 9 percent (15%) of the total estimated project cost, the State and county cost responsibilities shall 10 be equally apportioned. The following cost responsibility allocations for counties meeting the 11 requirements of this subsection and the State apply: 12 **Direct Federal Funds Received** County ResponsibilityState Responsibility 13 \$250,000, up to \$4,000,000 5%, minimum Up to 80% 14 \$4,000,000, up to \$8,000,000 10%, minimum Up to 75% 15 (f) A broadband service provider selected for a project under this section shall enter into 16 an agreement with the Office that shall include the project description, time lines, benchmarks, 17 proposed broadband speeds, and any other information and documentation the Office deems 18 necessary. All proposed broadband speeds must meet or exceed the federal guidelines for use of 19 American Rescue Plan Act (P.L. 117-2) funds. Upon execution of an agreement, the county shall 20 provide its portion of the total estimated project costs to the Office to be combined with CAB 21 Funds awarded for the project and placed in a separate project account. The Office shall provide 22 project oversight, and, upon completion of established benchmarks in the project agreement, the 23 Office shall disburse funds from the project account to the broadband service provider. The 24 forfeiture provisions in G.S. 143B-1373(1) shall apply to agreements entered into under this 25 section." 26 SECTION 2.1.(c) Subsection (b) of this section becomes effective July 1, 2024, and 27 applies to grant funding requests submitted on or after that date. 28 29 **REVERSION OF DARE COUNTY AFFORDABLE HOUSING FUNDS** 30 SECTION 3.1.(a) Notwithstanding any provision of S.L. 2022-74 or the Committee 31 Report referenced in Section 43.2 of that act or any other provision of law to the contrary, the 32 directed grant in the sum of thirty-five million dollars (\$35,000,000) in nonrecurring funds for 33 the 2022-2023 fiscal year to be provided by the Office of State Budget and Management - Special 34 Appropriations to Dare County to construct affordable housing shall not be used for that purpose 35 but shall instead revert to the Housing Trust Fund on June 30, 2024. The authority granted to 36 Dare County to use the funds to construct affordable housing was repealed in Section 6.5 of S.L. 37 2024-1. 38 **SECTION 3.1.(b)** This section becomes effective June 30, 2024. 39 40 **EFFECTIVE DATE** 41 **SECTION 4.1.** Except as otherwise provided, this act becomes effective July 1,

42 2024.