SENATE BILL 170

AN ACT relative to the authority of towns to issue bonds for the expansion of broadband infrastructure.


COMMITTEE: Public and Municipal Affairs

ANALYSIS

This bill permits municipalities to issue bonds for the purpose of providing or expanding broadband infrastructure.

Explanation: Matter added to current law appears in **bold italics.**
Matter removed from current law appears [in brackets and struckthrough.]
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.
AN ACT relative to the authority of towns to issue bonds for the expansion of broadband infrastructure.

Be it Enacted by the Senate and House of Representatives in General Court convened:

118:1 Municipal Finance Act; Definitions; Location. Amend RSA 33:1, III to read as follows:

III. "Net indebtedness," all outstanding and authorized indebtedness, heretofore or hereafter incurred by a municipality, exclusive of the following: unmatured tax anticipation notes issued according to law; or notes issued in anticipation of grants of federal or state aid or both; debts incurred for supplying the inhabitants with water or for the construction, enlargement, improvement or maintenance of water works; debts incurred to finance the cost of sewerage systems or enlargements or improvements thereof, or sewage or waste disposal works when the cost thereof is to be financed by sewer rents or sewer assessment; debt incurred pursuant to RSA 31:10; debts incurred to finance energy production projects, the reconstruction or enlargement of a municipally owned utility, or the manufacture or furnishing of light, heat, power or water for the public, or the generation, transmission or sale of energy ultimately sold to the public; debts incurred to finance small scale power facilities under RSA 374-D; debts incurred outside the statutory debt limit of the municipality under any general law or special act heretofore or hereafter enacted (unless otherwise provided in such legislation); and sinking funds and cash applicable solely to the payment of the principal of debts incurred within the debt limit[.].

IV. "Location," property, parcel, or address where broadband could be purchased by a customer.

118:2 Municipal Finance Act; Purpose of Issue of Bonds. Amend RSA 33:3 to read as follows:

33:3 Purpose of Issue of Bonds or Notes. A municipality or county may issue its bonds or notes for the acquisition of land, for economic development, for planning relative to public facilities, for the construction, reconstruction, alteration, and enlargement or purchase of public buildings, for other public works or improvements, or for the financing of improvements, of a permanent nature including broadband infrastructure as defined in RSA 38:38, I(e), [to be purchased or constructed in areas not served by an existing broadband carrier or provider,] to serve any location within a
municipality unserved by broadband as defined in RSA 38:38, I(c) for the purchase of
departmental equipment of a lasting character, and for the payment of judgments[,] and for purposes of economic development which. The issuance of such bonds or notes shall include, but not be limited to, public-private partnerships involving capital improvements, loans, financing, and guarantees. The public benefit in any public-private partnership must outweigh any benefit accruing to a private party. Bonds or notes for the purposes of economic development may be issued only after the governing body of the municipality or county has held hearings and presented the public benefit findings to the public and after such issuance has been approved by the legislative body. A municipality or county shall not issue bonds or notes to provide for the payment of expenses for current maintenance and operation except as otherwise specifically provided by law.

118:3 Municipal Finance Act; Issue of Bonds for Preliminary Expenses. Amend RSA 33:3-c, I to read as follows:

   I. A municipality or county may issue its bonds or notes for the purpose of defraying the cost of preliminary or final plans and specifications or other preliminary expenses incidental to, or connected with, any proposed public work or improvement of a permanent nature consisting of the construction, reconstruction, alteration, enlargement, [or] improvement, or the financing of the construction, reconstruction, alteration, enlargement, or improvement of the following:

   (a) A public building.
   (b) A water works.
   (c) A sewerage system or sewage or waste treatment facility.
   (d) A solid waste disposal or resource recovery facility.
   (e) Broadband infrastructure as defined in RSA 38:38, I(c) [to be purchased or] constructed [in areas not served] to serve any locations within a municipality unserved by an existing broadband carrier or provider as defined in RSA 38:38, I(c).

118:4 Municipal Finance Act; Broadband Infrastructure Bonds. Amend RSA 33:3-g to read as follows:

   33:3-g Broadband Infrastructure Bonds.

   I. A municipality may issue bonds for the purpose of financing the development, construction, reconstruction, [renovation,] and improvement[,] and acquisition of broadband infrastructure in [areas not served by an existing broadband carrier or provider that would be provided at a fee to broadband carriers that provide broadband services] any locations within a municipality unserved by broadband as defined in RSA 38:38, I(c). Without limiting the foregoing, broadband infrastructure may be the subject of public-private partnerships established in accordance with the provisions of RSA 33:3.
II. Bonds issued under this section shall be payable in annual payments so that
the amount of annual payment of principal and interest in any year on account of any
bond shall be not less than the amount of principal and interest payable in any
subsequent year by more than 5 percent of the principal of the entire bond. The total
amount of payments shall be sufficient to extinguish the entire bond at such bond's
maturity. The first payment of principal on any bond shall be made no later than 5 years
and the last payment not later than 30 years after the date issued. Each authorized issue
of bonds shall be a separate and distinct loan.

III. A municipality shall not issue bonds for the purpose of financing the
development, construction, reconstruction, renovation, improvement, and acquisition of
broadband infrastructure in [areas not served by an existing broadband carrier or
provider] any location within a municipality unserved by broadband as defined in RSA
38:38, I(c) unless a request for [proposals] information has been issued [and—no
broadband carrier or provider has responded positively within 2 months or deployed
broadband service within 14 months of the issuance of the request for proposals], at a
minimum, to all providers serving the issuing community and such providers have been
given 2 months to respond to the request. The request for information may include, but
is not limited to, information identifying locations within a municipality unserved by
broadband as defined in RSA 38:38, I(c). After completing, issuing, and receiving
responses to such request for information, a municipality may issue a request for
proposals for the purpose of engaging in a public-private partnership pursuant to RSA
33:3 or RSA 33-B for the deployment of broadband infrastructure, as defined in RSA
38:38, I(e), and the provision of broadband service as defined in RSA 38:38, I(f). A
municipality may select a proposal based on criteria including, but not limited to,
provider ability to deploy, manage, and maintain a broadband network which meets or
exceeds the anticipated needs of the community. A municipality may determine that no
provider has met the criteria included in the request for proposals and may issue bonds
for purposes pursuant to RSA 33:3 and RSA 33-B, including but not limited to, open
networks.

118:5 Municipal Revenue Bonds; Definitions; Revenue-producing Facilities. Amend
RSA 33-B:1, VI to read as follows:

VI. "Revenue-producing facilities" means water works, broadband infrastructure
as defined in RSA 38:38, I(e), purchased or constructed [in areas not served by an
existing broadband carrier or provider] to serve any location within a municipality
unserved by broadband as defined in RSA 38:38, I(c), sewerage systems, sewage
treatment or disposal facilities, solid waste disposal or resource recovery facilities,
parking facilities, facilities for the production, generation, transmission, or distribution
118:6 Broadband Access; Definitions. Amend RSA 38:38, I to read as follows:

I. In this subdivision:

(a) "Access tariff" means the fee charged on a monthly or annual basis to broadband [carriers] **providers** for access to the broadband infrastructure.

(b) "Areas not served" means any part of a municipality without a wireless or facilities based broadband service or a wireless or facilities based broadband service provider. Wireless shall not include subscription satellite service.

(c) "Broadband" means the transmission of information, between or among points specified by the user, with or without change in the form or content of the information as sent and received, at rates of transmission defined by the Federal Communications Commission as ["broadband"] a **wireline advanced telecommunications capability as defined by section 706 of the Telecommunications Act of 1996, irrespective of the network technology used."

(d) "Broadband [carriers] **provider**" means any provider of broadband services, except aggregators of broadband services, as defined in section 226 of the 1996 Telecommunications Act.

(e) "Broadband infrastructure" means all equipment and facilities, including all changes, modifications, and expansions to existing facilities, as well as the customer premises equipment used to provide broadband, **as defined in subparagraph (c),** and any software integral to or related to the operations, support, facilitation, or interconnection of such equipment[—including upgrades, and any installation, operations and support, maintenance, and other functions required to support the delivery of broadband].

(f) "Broadband service" means the offering of broadband for a fee directly to the public, or to such classes of users as to be effectively available directly to the public, regardless of the facilities used.

(g) "Open network" means any broadband infrastructure which is open to any third party users in a nondiscriminatory manner on a fair and equitable basis using publicly available access tariffs for services.

(h) "Open network interfaces" means the technical and operational means, manners, and methods for any third party access to the broadband infrastructure, which shall be provided on the basis of generally acceptable industry standards available at
the time of access.

118:7 Broadband Fund. Amend RSA 38:40, I to read as follows:

I. The funds received from the collection of access tariffs shall be kept as a separate fund to be known as the broadband fund. Such fund shall be allowed to accumulate from year to year, shall not be commingled with town or city tax revenues, and shall not be deemed part of the municipality's general fund accumulated surplus. Such fund may be expended only for the purposes specified in RSA 38:38, for the previous expansion or replacement of broadband infrastructure] 33:3 and RSA 33-B.

118:8 Repeal. RSA 38:38, I(b), relative to the definition of areas not served by broadband, is repealed.

118:9 Effective Date. This act shall take effect 60 days after its passage.

Approved: May 30, 2018
Effective Date: July 29, 2018