

HOUSE BILL NO. 14

INTRODUCED BY K. MCCARTHY
BY REQUEST OF THE GOVERNOR

A BILL FOR AN ACT ENTITLED: "AN ACT AUTHORIZING THE CREATION OF STATE DEBT THROUGH THE ISSUANCE OF GENERAL OBLIGATION BONDS TO CREATE THE BROADBAND DEVELOPMENT FUND; TRANSFERRING BOND PROCEEDS TO THE DEPARTMENT OF COMMERCE TO FUND GRANTS FOR BROADBAND INFRASTRUCTURE PROJECTS; PROVIDING RULEMAKING AUTHORITY; ESTABLISHING CRITERIA FOR GRANTS; PROVIDING AN APPROPRIATION; AND PROVIDING AN EFFECTIVE DATE AND A TERMINATION DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. Broadband development fund -- purpose. (1) There is a broadband development fund administered by the department of commerce.

(2) The department shall receive transfers from the capital projects account as provided for in 17-5-804 resulting from the sale of bonds authorized for the purpose of broadband development as outlined in [sections 1 through 4].

(3) The purpose of the broadband development fund is to stimulate economic development through the deployment of improved broadband infrastructure throughout the state.

NEW SECTION. Section 2. Definitions. For purposes of [sections 1 through 4], unless otherwise stated, the following definitions apply:

(1) "Broadband" means transmission facilities capable of handling frequencies greater than those required for high-grade voice communication, or higher than 4 kilohertz.

(2) "Department" means the department of commerce established in 2-15-1801.

(3) "Last-mile infrastructure" means the segment of broadband infrastructure that provides service to end users or end-user devices.

(4) "Middle-mile infrastructure" means the segment of broadband infrastructure used to connect last-mile infrastructure to the internet backbone.

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2 **NEW SECTION. Section 3. Priorities for projects -- procedure.** (1) The department of commerce
3 must receive proposals for grants for broadband infrastructure projects on a continual basis. In reviewing project
4 proposals, the department may establish an advisory council that includes but is not limited to representatives
5 of private industry and other state agencies with expertise pertinent to the proposal.

6 (2) The department shall establish grant criteria that prioritize broadband infrastructure projects that:
7 (a) will provide last-mile infrastructure and middle-mile infrastructure in communities and rural areas in
8 the state;
9 (b) will be built and maintained by private entities;
10 (c) promote economic development through improved public access to broadband service;
11 (d) include matching funds from sources other than the funds provided under [sections 1 through 4];
12 (e) do not duplicate currently available broadband service.

13 (3) The department shall report to each regular session of the legislature the status of all projects that
14 have been funded.

15 (4) The department may adopt rules necessary to implement [sections 1 through 4].

16 (5) Grants approved by the department are subject to the availability of funds.

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18 **NEW SECTION. Section 4. Condition of grants.** Disbursement of funds under [sections 1 through
19 4] for grants is subject to the following conditions that must be met by grant recipients:

20 (1) the department must approve the scope of work and budget for the project;

21 (2) a grant agreement must be executed between the department and the grant recipient; and

22 (3) the grant recipient shall satisfy any other specific requirements considered necessary by the
23 department to accomplish the purpose of the grant as described in the application submitted and approved by
24 the department.

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26 **NEW SECTION. Section 5. Appropriation.** For the biennium beginning July 1, 2015, there is
27 appropriated \$15 million to the department of commerce from the capital projects account from the proceeds of
28 the bonds authorized by [section 6] for the purpose of establishing the broadband development fund. This
29 appropriation is reappropriated biennially until the completion of the projects funded by grants received under
30 [sections 1 through 4].

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2 **NEW SECTION. Section 6. Authorization of bonds.** (1) The board of examiners is authorized to issue
3 and sell general obligation bonds in an amount not to exceed \$15 million for the broadband development fund
4 in addition to the amount of the general obligation bonds outstanding on January 1, 2015.

5 (2) The board of examiners shall coordinate issuance of bonds with the department of commerce and
6 shall issue the bonds in phases and in the amounts requested by the department.

7 (3) The bonding authority granted in this section does not expire until the proceeds from the bonds
8 authorized in this section are encumbered or June 30, 2025, whichever comes first.

9 (4) The bonds in this section must be issued in accordance with the terms and in the manner required
10 by Title 17, chapter 5, part 8. The authority granted to the board of examiners by this section is in addition to any
11 other authorization to the board of examiners to issue and sell general obligation bonds.

12 (5) The proceeds from the bonds sold under this section must be deposited in the capital projects
13 account as provided for in 17-5-804 and must be transferred to the department to be used solely for broadband
14 development grants and paying costs associated with the sale and issuance of the bonds.

15 (6) Any proceeds from the bonds remaining unencumbered after completion of the projects must be used
16 to pay on the bonds issued pursuant to this section.

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18 **NEW SECTION. Section 7. Two-thirds vote required.** Because [section 6] authorizes the creation of
19 state debt, Article VIII, section 8, of the Montana constitution requires a vote of two-thirds of the members of each
20 house of the legislature for passage.

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22 **NEW SECTION. Section 8. Notification to tribal governments.** The secretary of state shall send a
23 copy of [this act] to each tribal government located on the seven Montana reservations and to the Little Shell
24 Chippewa tribe.

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26 **NEW SECTION. Section 9. Effective date.** [This act] is effective July 1, 2015.

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28 **NEW SECTION. Section 10. Codification instruction.** [Sections 1 through 4] are intended to be
29 codified as an integral part of Title 90, and the provisions of Title 90 apply to [sections 1 through 4].

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