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REVISOR

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17-1795

as introduced

**SENATE
STATE OF MINNESOTA
NINETIETH SESSION**

S.F. No. 234

(SENATE AUTHORS: SIMONSON, Tomassoni, Eken, Frentz and Sparks)

DATE
01/19/2017

D-PG

364

Introduction and first reading

OFFICIAL STATUS

Referred to Jobs and Economic Growth Finance and Policy

1.1 A bill for an act
1.2 relating to telecommunications; appropriating money to the broadband grant
1.3 program.

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

1.5 Section 1. **BROADBAND GRANT PROGRAM; APPROPRIATION.**

1.6 \$100,000,000 in fiscal year 2018 is appropriated from the general fund to the
1.7 commissioner of employment and economic development for deposit in the border-to-border
1.8 broadband fund account under Minnesota Statutes, section 116J.396. The appropriation
1.9 must be used for grants and the purposes specified under Minnesota Statutes, section
1.10 116J.395.

SENATE
STATE OF MINNESOTA
NINETIETH SESSION

S.F. No. 980

(SENATE AUTHORS: WESTROM, Johnson, Utke, Weber and Lang)

DATE	D-PG	OFFICIAL STATUS
02/15/2017	604	Introduction and first reading Referred to Jobs and Economic Growth Finance and Policy

- 1.1 A bill for an act
- 1.2 relating to economic development; broadband; modifying the border-to-border
- 1.3 broadband grant program; appropriating money; amending Minnesota Statutes
- 1.4 2016, sections 116J.395, subdivision 7; 116J.398.
- 1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:
- 1.6 Section 1. Minnesota Statutes 2016, section 116J.395, subdivision 7, is amended to read:
- 1.7 Subd. 7. **Limitation.** (a) No grant awarded under this section may fund more than 50
- 1.8 percent of the total cost of a project in an underserved area.
- 1.9 (b) Grants awarded for projects in unserved areas require a 25 percent match.
- 1.10 (c) Grants awarded to a single project under this section must not exceed \$5,000,000
- 1.11 \$3,000,000.
- 1.12 Sec. 2. Minnesota Statutes 2016, section 116J.398, is amended to read:
- 1.13 **116J.398 BROADBAND PREVAILING WAGE EXEMPTION.**
- 1.14 Notwithstanding any other law to the contrary, section 116J.871 does not apply to:
- 1.15 (1) a project receiving a grant under section 116J.395 for the construction, installation,
- 1.16 remodeling, and repair of last-mile infrastructure, as defined under section 116J.394,

2.1 **Sec. 3. BORDER-TO-BORDER BROADBAND DEVELOPMENT GRANT**
2.2 **PROGRAM; APPROPRIATION.**

2.3 \$35,000,000 in fiscal year 2018 is appropriated from the general fund to the commissioner
2.4 of employment and economic development for deposit in the border-to-border broadband
2.5 fund account under Minnesota Statutes, section 116J.396, to award grants under that section.
2.6 Of this appropriation, no more than \$5,000,000 may be used for grants to underserved areas.
2.7 This is a onetime appropriation.

1.1 A bill for an act
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1.3 broadband grant program; appropriating money; amending Minnesota Statutes
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1.13 **116J.398 BROADBAND PREVAILING WAGE EXEMPTION.**

1.14 Notwithstanding any other law to the contrary, section 116J.871 does not apply to:

1.15 (1) a project receiving a grant under section 116J.395 for the construction, installation,
1.16 remodeling, and repair of last-mile infrastructure, as defined under section 116J.394,
1.17 paragraph (e); or

1.18 (2) to any project or portion of a project in unserved areas.

1.1 Senator moves to amend S.F. No. 980 as follows:

1.2 Page 2, line 7, after the period, insert "Grants awarded from the amounts appropriated
1.3 in this section are not subject to the challenge process under Minnesota Statutes, section
1.4 116J.395, subdivision 5a."

- 1.1 Senator moves to amend S.F. No. 980 as follows:
- 1.2 Page 1, delete section 2
- 1.3 Renumber the sections in sequence and correct internal references
- 1.4 Correct the title numbers accordingly

**Senate Counsel, Research
and Fiscal Analysis**

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Director

Senate

State of Minnesota

S.F. No. 980 - Border-to-Border Broadband Grant Program Modifications and Appropriation

Author: Senator Torrey N. Westrom

Prepared By: Carlon D. Fontaine, Senate Counsel (651/296-4395) CDF

Date: February 24, 2017

Section 1 [Limitation] specifies that grants for projects in underserved areas may fund no more than 50 percent of a project cost. Requires grants for projects in unserved areas to have a 25 percent match. Current law allows only up to 50 percent of the project cost for all projects. Lowers the maximum grant allowed from \$5 million to \$3 million.

Section 2 [Broadband prevailing wage exemption] amends the broadband prevailing wage exemption to include any project or portion of a project in unserved areas. The current exemption is for last-mile infrastructure only.

Section 3 [Appropriation] appropriates \$35 million in fiscal year 2018 from the general fund for the grant program. Specifies that no more than \$5 million may be for grants to underserved areas.

CDF/syl

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February 27, 2017

Dear Chair Miller and Members of the Senate Committee on Jobs and Economic Growth Finance and Policy:

On behalf of the Minnesota High Tech Association (MHTA), and our more than 300 science and technology member organizations, I am writing to encourage a robust investment in broadband this year that helps expand broadband to every Minnesotan. MHTA supports the recommendations of the Governor's Task Force on Broadband, including **providing \$100 million in on-going biennial funding for the state's Border-to-Border Broadband Development Grant Program.**

Broadband plays an integral role in today's society; it enables the creation of many of today's technologies, with applications in precision agriculture, remote learning, and telemedicine; and it provides businesses with the opportunity to access to the global marketplace. Access to broadband is critical for today's technology businesses and for the education, training, and development of a robust workforce.

Funding the state's Border-to-Border Broadband Development Grant Program at \$100 million in fiscal year 2018, as **SF234** does, will help expand access to broadband throughout Minnesota. Since 2014, the Border-to-Border Broadband Development Grant Program has received nearly \$66 million in state funding, which has leveraged \$81.6 million in private and local investment, making broadband service available to nearly 26,000 households and more than 3,100 businesses. Funding at \$100 million in fiscal year 2018 will help leverage additional private and local investment to expand broadband access to more houses, businesses and institutions.

According to the Internet Innovation Alliance, access to the Internet is associated with the American household saving, on average, \$10,500 a year. Broadband speeds greater than 10 megabits per second in rural areas are also associated with poverty levels 2.6 percentage points lower than similar areas without broadband.

The Border-to-Border Broadband Development Grant Program provides a mechanism for leveraging public and private investment to enhance the state's broadband infrastructure. Strong investments in the grant program will help Minnesota close the state's gap in broadband availability and create a vibrant economy that works for every Minnesotan.

Sincerely,

A handwritten signature in cursive script that reads "Margaret Anderson Kelliher".

Margaret Anderson Kelliher
President & CEO, Minnesota High Tech Association

Minnesota Telecom Alliance's Position on Broadband Grants & the MN Office of Broadband Development

Presented by Brent Christensen

President/CEO, Minnesota Telecom Alliance

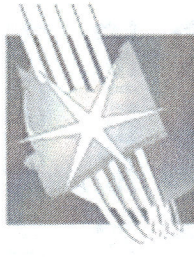
**Senate Jobs and Economic Growth Finance & Policy
Committee**

27 February 2017



Who is the MTA?

- We are 45 incumbent broadband providers who serve rural Minnesota.
- Members range from CenturyLink to one member with 235 telecom customers.
- Pretty much every telco, except Frontier and Windstream.
- MTA Members have transitioned from landline telephone companies to Broadband providers.



MINNESOTA
TELECOM
ALLIANCE

Why is the Border to Border Broadband Grant Program Important?

- **It improves the business case for rural broadband.**
- **Promotes meaningful collaboration.**
- **Ensures broadband funded by grants is scalable to 100Mbps by 100Mbps.**
- **Requires Match, furthering State Dollars.**
- **Grants must be regionally dispersed.**



Border to Border Broadband Grant Program Summary

3-year totals	
Total	MTA Companies
Funding	\$52.95M
Matching Investments	\$69.41M
	\$81.6M
	\$65.58M



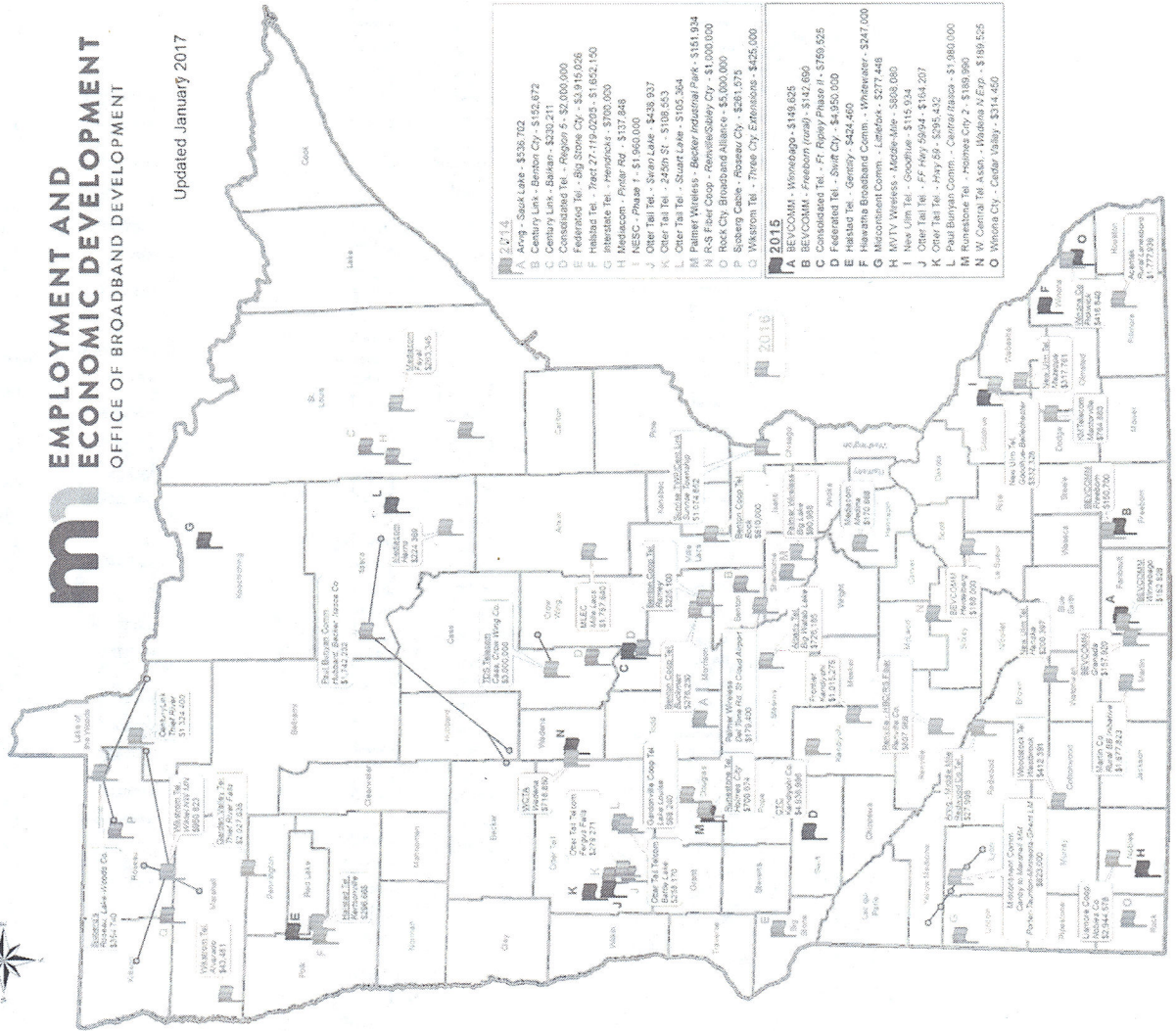
Minnesota Border-to-Border Broadband Development Grant Program

2014-2016 Project Awards



m EMPLOYMENT AND ECONOMIC DEVELOPMENT
OFFICE OF BROADBAND DEVELOPMENT

Updated January 2017



- 2014**
- A Arvig - Sauk Lake - \$536,702
 - B Century Link - Bemton City - \$152,872
 - C Century Link - Bakan - \$333,211
 - D Consolidated Tel. - Region 5 - \$2,000,000
 - E Federated Tel. - Big Stone City - \$3,915,026
 - F Habbas Tel. - Tract 27-19-0205 - \$1,652,150
 - G Habbas Tel. - Habbas - \$7,000,000
 - H Habbas Tel. - Habbas - \$1,289,000
 - I HSCC - Phase 1 - \$1,950,000
 - J Other Tel. - Sarno Lake - \$438,937
 - K Other Tel. - 245th St. - \$108,453
 - L Other Tel. - Stuart Lake - \$105,364
 - M Palmer Wireless - Becker Industrial Park - \$151,934
 - N R-S Fiber Coop. - Revere/Edley City - \$1,000,000
 - O Rock City Broadband Alliance - \$5,000,000
 - P Sibeberg Cable - Roseau City - \$261,575
 - Q Westron Tel. - Three City Extensions - \$425,000
- 2015**
- A BEVCOMM - Winnebago - \$148,825
 - B BEVCOMM - Freeborn (am) - \$142,650
 - C Consolidated Tel. - Ft. Ripley Phase II - \$750,525
 - D Federated Tel. - Swift City - \$4,950,000
 - E Habbas Tel. - Gentry - \$424,460
 - F Habbas Tel. - Whitewater - \$247,000
 - G Habbas Tel. - Middle-Mile - \$898,080
 - H Habbas Tel. - Goodhue - \$115,934
 - I Habbas Tel. - Hwy 69 - \$395,432
 - J Habbas Tel. - Hwy 69 - \$1,080,000
 - K Habbas Tel. - Hwy 69 - \$1,080,000
 - L Habbas Tel. - Hwy 69 - \$1,080,000
 - M Habbas Tel. - Hwy 69 - \$1,080,000
 - N W. Central Tel. Assn. - Mankato N. Exp. - \$189,525
 - O Winona City - Cedar Valley - \$314,450



There is more to be done than just Grants:

- We must continue funding the Office of Broadband Development.
- We must continue broadband mapping.



What should the dollar amount be?

- Ultimately, that is up to you!
- It needs to be enough to fund meaningful projects
- It needs to be predictable
- We have to be able to complete grant projects in a reasonable amount of time.

