

HOUSE BILL NO. 371

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-SECOND LEGISLATURE - SECOND SESSION

BY REPRESENTATIVE TUCK

Introduced: 2/22/22

Referred: Labor and Commerce, Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act relating to broadband; and establishing the broadband cost equalization fund."**

2 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

3 * **Section 1.** AS 42.45 is amended by adding new sections to read:

4 **Article 7A. Broadband.**

5 **Sec. 42.45.380. Broadband cost equalization fund established.** (a) The
6 broadband cost equalization fund is established as a separate fund of the authority.

7 (b) The purpose of the fund is to

8 (1) equalize the cost of broadband statewide at a cost close to or equal
9 to the mean of the cost each month for a similar level of service in Anchorage,
10 Fairbanks, and Juneau by paying money from the fund to eligible broadband providers
11 in the state as provided under AS 42.45.382; and

12 (2) make grants to eligible broadband providers under AS 42.45.384 to
13 improve broadband performance.

14 (c) The fund consists of

15 (1) legislative appropriations to the fund that are not designated for

1 annual expenditure for the purpose of broadband cost equalization;

2 (2) accumulated earnings of the fund; and

3 (3) gifts, bequests, contributions of money and other assets, and federal
4 money given to the fund that are not designated for annual expenditure for broadband
5 cost equalization.

6 (d) The commissioner of revenue is the fiduciary of the fund and shall manage
7 the fund in the same manner as provided for the power cost equalization endowment
8 fund under AS 42.45.080.

9 (e) Nothing in this section creates a dedicated fund.

10 **Sec. 42.45.382. Entitlement to broadband cost equalization.** (a) The
11 commission shall establish the criteria used to calculate the amount of broadband cost
12 equalization to be paid to eligible broadband providers each month. The amount of
13 broadband cost equalization provided to a provider under this section may not exceed
14 95 percent of the provider's monthly costs.

15 (b) Each year, the commission shall adjust the amounts for which broadband
16 cost equalization may be paid to an eligible broadband provider based on the average
17 cost of broadband service in Anchorage, Fairbanks, and Juneau for similar levels of
18 service. The commission may make other adjustments as necessary to equalize the
19 cost of broadband statewide.

20 (c) The broadband cost equalization paid under this section shall be used to
21 reduce the cost of broadband service sold to local community facilities and residential
22 customers.

23 (d) The authority shall administer the broadband cost equalization program
24 based on the determinations made by the commission under (a) and (b) of this section.

25 (e) The authority may make payments from the fund to carry out the purposes
26 of the broadband cost equalization program under this section.

27 (f) In this section, "commission" means the Regulatory Commission of
28 Alaska.

29 **Sec. 42.45.384. Grants for broadband improvements.** (a) The authority may
30 make a grant from the fund for an eligible broadband provider for a project that will
31 reduce the cost of broadband services to customers of the provider. The amount of the

1 grant may not exceed 75 percent of the cost of the project. The authority may not
 2 make a grant under this section unless the eligible provider has secured financing for
 3 25 percent of the cost of the project from a source other than the fund, as provided
 4 under (c) of this section.

5 (b) The authority may not allocate more than three percent of the balance in
 6 the fund to grants under this section in a fiscal year.

7 (c) In determining whether an eligible broadband provider has secured
 8 financing for 25 percent of the cost of the project from a source other than the fund,
 9 the authority shall accept solicited and unsolicited proposals for third-party financing
 10 or for a joint venture between the provider and an entity from the private sector if the
 11 private sector participant has

12 (1) a valid state business license;

13 (2) a resolution or letter of agreement executed by the eligible provider
 14 agreeing to participation by the private sector participant;

15 (3) a business plan that illustrates how the proposed project will reduce
 16 the cost of generating or transmitting power to the customers of the provider.

17 **Sec. 42.45.390. Definitions.** In AS 42.45.380 - 42.45.390,

18 (1) "eligible broadband provider" or "provider" means a public,
 19 cooperative, or other corporation, company, individual, or association of individuals,
 20 and their lessees, trustees, or receivers appointed by a court, that owns, operates,
 21 manages, or controls a system for the furnishing of broadband to the public for
 22 compensation;

23 (2) "fund" means the broadband cost equalization fund.