

# ASSEMBLY APPROPRIATIONS COMMITTEE

## STATEMENT TO

### **ASSEMBLY, No. 4808**

with committee amendments

# STATE OF NEW JERSEY

DATED: OCTOBER 26, 2020

The Assembly Appropriations Committee reports favorably and with committee amendments Assembly Bill No. 4808.

As amended and reported, this bill establishes in the Board of Public Utilities (BPU) a “Broadband Assistance Office” (broadband office). The broadband office is to be responsible for formulating and executing a comprehensive Statewide policy that fosters the provision of wired broadband service by government or private entities developing a broadband project, or both, if these entities develop a broadband project under a public-private partnership (P3) agreement, and for the development, promotion, coordination, oversight, and approval of a broadband project developed pursuant to the bill. The broadband office, in cooperation with the New Jersey Economic Development Authority (EDA), is to establish guidelines for the broadband office’s approval, designation, operation, and reporting of a proposed broadband project, including any proposed broadband project developed under a P3 agreement, in a manner determined by the broadband office. The broadband office, in cooperation with the EDA, is to oversee, coordinate, and provide assistance to a broadband project approved by the broadband office. The broadband office is to consult and coordinate with representatives of other State departments, agencies, boards, and authorities, including the EDA and the Office of Information Technology (OIT), as these entities deem necessary and appropriate to accomplish the goals of the bill.

To accomplish the broadband office’s duties and responsibilities, it is to be responsible for certain obligations enumerated in the bill concerning the facilitation of the establishment of broadband projects. In evaluating a proposed broadband project, the broadband office is to consider certain criteria provided in the bill.

The bill establishes in the BPU a separate non-lapsing fund to be known as the “State Broadband Fund” (broadband fund) for use by the broadband office to adequately and properly perform the duties and responsibilities in carrying out the requirements of the bill. The BPU, in consultation with the EDA, is to determine the level of funding and the appropriate administration of the broadband fund. With financial assistance from the EDA and any available funding from federal, State

and private entity sources, the BPU is to provide sufficient funding to the broadband office to enable the broadband office to provide funding for underserved communities to pay for broadband service and for the installation or expanded use of broadband infrastructure for communities that lack broadband access, specifically the portion of a communications infrastructure network that physically reaches the residents' or small business's premises within those communities. The bill allows the BPU, in consultation with the EDA, to seek and accept gifts, donations, grants, or loans from public or private sources, including, but not limited to, any funding provided by the Federal Communications Commission or any funding from a non-profit foundation, specifically for the provision of broadband infrastructure or broadband service, except that the BPU and EDA are not to accept a gift, donation, grant, or loan that is subject to conditions that are inconsistent with any other law of this State.

The bill requires the BPU, in consultation with the EDA, to annually prepare a report to the Governor and the Legislature concerning the number, nature, structure, and scope of each broadband project developed, and whether the broadband project is developed under a P3 agreement. The report is to include certain information provided in the bill. The report is to address any issues related to the implementation the bill, including staffing and resource requirements of the broadband office. The report is to set forth recommendations regarding how the processes and methods adopted to foster the development of broadband projects and any related P3 agreements under the bill may be improved, expanded, or made more efficient.

#### COMMITTEE AMENDMENTS:

The committee amended the bill to:

- 1) revise the definition of “broadband Internet service infrastructure” to include in the definition the use of point-to-point communication connections between two communication endpoints or nodes and to exclude from the definition the use of point-to-multipoint wireless communications facilities;
- 2) revise the definition of “broadband Internet service provider” to remove a requirement that a service provider would need to be certified by the BPU to provide broadband Internet service; and
- 3) correct a reference to a subsection in the bill and correct a reference in the bill to the broadband fund.

#### FISCAL IMPACT:

The Office of Legislative Services finds that the bill will result in an increase in State and local government unit utility costs as ratepayers. The cost to the Board of Public Utilities (BPU) to set up a new office and support new broadband projects will need to be supported in the same manner as other BPU activities, through the imposition of charges on the Statewide utility rate base, which is

ultimately paid in the form of higher utility costs. Most State and local government units are utility customers and as such will be impacted as well.

After utilizing any federal grants or outside funds that become available, the remaining costs of the bill may require an increase in the charges imposed on landline phone customers and cable television customers, which currently fund the BPU Office of Cable Television and Telecommunications.

The scope of costs that the BPU and Economic Development Authority will realize in expanding broadband service and establishing a broadband office cannot be known at this time because it is based on funding and need determinations to be made by the BPU after the enactment of the bill. Once those costs are identified, federal and other funds will first be sought to cover those costs. Once those outside funding sources have been exhausted, the BPU will likely have to support remaining costs through the imposition of additional fees on ratepayers, which is how the BPU generally covers its operating costs.