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Will Maine Create a \$500 Municipal Broadband Fund?

The state of Maine is firmly committed to municipal broadband — it just doesn't want to pay for it.

If Maine Gov. Paul LePage signs LD1185, the state will create a new fund that would endeavor to provide residents with a wider array of high-speed broadband providers in the coming years. The fund would offer grants to research how municipalities might build open-access gigabit broadband networks, expanding competition in a rural state dominated by Time Warner Cable and Fairpoint Communications.

When the bill was introduced, the fund was \$12 million, then reduced to \$6 million; now the fund is a \$500 placeholder that Congress will revisit next year.

Originally municipalities would have been eligible to apply for up to \$200,000 in funding to research the development of an open-access gigabit network. The old version of the bill required that a minimum of 50 such grants be made available, at least half of which would be granted to low-income areas. If signed, the new fund will exist in spirit, but with no funds to distribute.

The organization that would distribute the funds should they become available would be the ConnectME Broadband Authority, the state's broadband advocacy and engagement arm. Lisa Leahy, associate executive director of ConnectME, said the bill is an excellent idea that has had a lot of support from all directions.

"It establishes that there can be a fund and now the work will continue in regard to 'OK, how do we fund it?'" Leahy explained. "At this time, I think there's been such a concern around budget that any bill that has a fiscal note attached to it is being looked at very closely."

When or how the fund would contain more than \$500 is unknown, but it's something the state Legislature will look at next year, Leahy said.

Chris Mitchell of the Institute for Local Self-Reliance said that what the state is doing is smart, though the lack of funding is disappointing.

"The thing that I found really exciting is it's only for municipalities or nonprofit types of approaches and it's requiring open access, and I think that's a real smart thing for states to do," Mitchell said. "Because I think local governments can be trusted to maintain that sort of open-access approach for a very long time, where I think the private sector might decide to go back to a monopoly model."

In an open-access model, a network's physical infrastructure is available for rent to any company that wants to sell services to the public, allowing for more competition than if each provider is required to build their own network to compete.

"I like that it's open access because in most of Maine, if you don't build competition into your system, there won't be competition," Mitchell said. "Either one of the existing incumbents will stick around or the city will build a system, but people aren't going to have a real robust choice unless you build a network that allows multiple providers to do it, and there's one company already

operating in Maine called GWI that does a really good job.”

In Maine today, several municipalities are investing in municipal fiber, like the town of Rockport, which is working with GWI to develop an open-access municipally run fiber network. Broadband development often goes slowly — projects often take years rather than months — but if this bill is signed into law, consumers might find in the next few years that both the speed of Internet access and the number of providers available will have increased dramatically.

It’s frustrating to see such a promising piece of legislation relegated into uncertainty, Mitchell said.

“It still sets an interesting precedent in terms of targeting municipal open-access approaches, which I think is valuable, although clearly much less so if they’re not going to put any money into it,” he said. “Just about every elected official wants to vote and tell their constituents that they supported better broadband, but they really don’t want to upset the Fairpoint and Time Warner Cable lobbyists, so they’ve kind of done both. The lobbyists are happy because there’s no real funding, but a lot of people will go home and say, ‘Well, I voted for better broadband for the state.’”

The bill’s potential passage into law could have some positive effects. If federal funding becomes available, Maine would be well positioned with such a fund in place to apply for it. Such funding from the federal government, however, doesn’t appear to be forthcoming, Mitchell said, nor would Maine be guaranteed a slice of the pie anyway.

There is at least one precedent of an unfunded state broadband fund that might indicate the future of Maine’s legislation, which can be found in the Virginia Resource Authority — a state agency that funds infrastructure projects. In 2007, the state of Virginia decided to add broadband to its repertoire, but as with Maine’s recent legislation, it provided no funding to support such projects. In the department’s 2014 annual fiscal report, there is just one mention of broadband: The department maintains authority to fund such projects. Any evidence of actual funding for such projects is absent.

Editor’s Note: This story was updated on June 26, 2015 to reflect the fact that Rockport is a town, not a city.

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