

# House Bill 3201

Sponsored by Representative MARSH, Senator WOODS, Representatives OWENS, NERON, Senator CAMPOS; Representative NOSSE

## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Requires Oregon Business Development Department to provide financial assistance to support broadband access, affordability and adoption. Permits department to establish one or more programs to provide financial assistance. Requires that department, when evaluating proposed projects under program to support broadband service infrastructure, give preference to proposed projects that serve unserved areas or underserved areas. Requires department to establish by rule, for each program established, certain criteria, requirements and processes.

Makes Broadband Fund permanent. Expands permitted uses of moneys in Broadband Fund.

Removes requirements for Oregon Business Development Department to establish by rule certain criteria, requirements and processes for temporary program for providing grants or loans to support projects for planning and development of broadband service infrastructure and digital literacy, inclusion and adoption. Removes requirements for department to give certain preference in making grant or loan award decisions.

Requires Oregon Broadband Advisory Council to include in biennial report evaluation of continuing need for temporary program for providing grants or loans to support projects for planning and development of broadband service infrastructure and digital literacy, inclusion and adoption.

Declares emergency, effective on passage.

## A BILL FOR AN ACT

1  
2 Relating to broadband; creating new provisions; amending sections 4, 5, 6 and 9, chapter 17, Oregon  
3 Laws 2020 (first special session); and declaring an emergency.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1. (1) The Oregon Business Development Department shall provide financial**  
6 **assistance in the form of loans or grants for the purpose of supporting broadband access,**  
7 **affordability and adoption.**

8 **(2) The department may establish one or more programs for providing financial assist-**  
9 **ance under this section. For each program the department establishes, the department shall,**  
10 **by rule, establish:**

11 **(a) Criteria for applications and for determining the eligibility of applicants and proposed**  
12 **projects for a loan or grant;**

13 **(b) Criteria for the department to evaluate competitive applications and for awarding a**  
14 **loan or grant;**

15 **(c) Reporting requirements for a loan or grant recipient; and**

16 **(d) A process for identifying and protecting from disclosure, except as permitted by state**  
17 **and federal law, information or data that are submitted to the department by an applicant**  
18 **or recipient and that may be subject to confidentiality protections provided by law or are**  
19 **exempt from public records disclosure.**

20 **(3)(a) In addition to the rules required under subsection (2)(a) to (d) of this section, for**  
21 **each program the department establishes to support broadband service infrastructure, the**  
22 **department shall, by rule, establish:**

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 (A) Criteria for determining whether a geographic area qualifies as an unserved area or  
 2 underserved area for the purpose of giving preference to proposed projects that support  
 3 broadband service infrastructure in unserved areas or underserved areas in this state;

4 (B) Reporting requirements for a loan or grant recipient to identify the geographic area  
 5 served or that will be served by the project;

6 (C) A process for providing public notice of pending applications; and

7 (D) A public process for interested persons to submit comments on pending applications.

8 (b) When evaluating the geographic area that a proposed broadband service  
 9 infrastructure project will serve, the department shall give preference to proposed projects  
 10 that serve an unserved area or underserved area. The department shall use the goals for  
 11 broadband service speeds in this state established pursuant to subsection (5) of this section  
 12 to establish the criteria required under paragraph (a)(A) of this subsection.

13 (4)(a) The department shall comply with the provisions of ORS chapter 183 in adopting  
 14 rules and awarding loans or grants under a program.

15 (b) When awarding a loan or grant under a program to support broadband service  
 16 infrastructure, the department shall provide a notice of award. The notice of award shall be  
 17 a final order in an other than contested case proceeding and reviewable pursuant to ORS  
 18 183.480 with jurisdiction for judicial review conferred by ORS 183.484.

19 (5) The department, in consultation with the Oregon Broadband Advisory Council, shall  
 20 establish goals for broadband service speeds provided in this state to be used when estab-  
 21 lishing criteria under subsection (3)(a)(A) of this section.

22 (6) The department shall define by rule the term “broadband service infrastructure pro-  
 23 gram” for purposes of implementing the provisions of this section.

24 (7) The department may adopt rules necessary to carry out the provisions of this section.

25 **SECTION 2.** Section 4, chapter 17, Oregon Laws 2020 (first special session), as amended by  
 26 section 1, chapter 76, Oregon Laws 2022, is amended to read:

27 **Sec. 4.** (1) The Broadband Fund is established, separate and distinct from the General Fund.  
 28 Interest earned by the Broadband Fund shall be credited to the fund. Moneys in the Broadband Fund  
 29 are continuously appropriated to the Oregon Business Development Department to be used [*only for*  
 30 *providing grants or loans through, or for administering, the Oregon Broadband Office and the program*  
 31 *established by rule under section 5, chapter 17, Oregon Laws 2020 (first special session). The fund shall*  
 32 *consist of moneys deposited in the fund pursuant to ORS 759.425 and moneys appropriated or trans-*  
 33 *ferred to the fund by the Legislative Assembly.*] **by the Oregon Broadband Office for the following**  
 34 **purposes:**

35 (a) Administering the office;

36 (b) Carrying out the duties of the office listed in ORS 285A.166;

37 (c) Providing grants or loans through the program established by rule under section 5,  
 38 chapter 17, Oregon Laws 2020 (first special session);

39 (d) Providing financial assistance under section 1 of this 2023 Act; and

40 (e) Covering the administrative costs associated with the fund and with making grants,  
 41 loans and other distributions of moneys from the fund.

42 (2) The fund consists of:

43 (a) Moneys appropriated or transferred to the fund by the Legislative Assembly;

44 (b) Moneys transferred to the fund pursuant to ORS 759.425;

45 (c) Loans repaid to the fund and interest due on the loans;

1 (d) Amounts donated to the fund;

2 (e) Moneys transferred to the fund from the federal government, state agencies or local  
3 governments;

4 (f) Lottery bond proceeds allocated by the Legislative Assembly for deposit in the fund;

5 (g) Earnings received on moneys in the fund; and

6 (h) Other amounts deposited in the fund from any sources.

7 (3) The Broadband Fund is established to provide a flexible funding source for financing  
8 programs and projects that support broadband access, affordability or adoption in this state  
9 and to support the office in carrying out the duties of the office listed under ORS 285A.166.  
10 Notwithstanding ORS 279A.140, the department may enter into contracts as necessary or  
11 appropriate to implement programs or projects determined by the department to further  
12 broadband access, affordability or adoption.

13 (4) The department may:

14 (a) Adopt objective criteria and standards for the use and allocation of moneys in the  
15 Broadband Fund.

16 (b) Establish accounts and subaccounts within the fund when the department determines  
17 that accounts or subaccounts are necessary or desirable.

18 **SECTION 3.** Section 4, chapter 17, Oregon Laws 2020 (first special session), as amended by  
19 section 1, chapter 76, Oregon Laws 2022, and section 2 of this 2023 Act, is amended to read:

20 **Sec. 4.** (1) The Broadband Fund is established, separate and distinct from the General Fund.  
21 Interest earned by the Broadband Fund shall be credited to the fund. Moneys in the Broadband Fund  
22 are continuously appropriated to the Oregon Business Development Department to be used by the  
23 Oregon Broadband Office for the following purposes:

24 (a) Administering the office;

25 (b) Carrying out the duties of the office listed in ORS 285A.166;

26 [(c) Providing grants or loans through the program established by rule under section 5, chapter  
27 17, Oregon Laws 2020 (first special session);]

28 [(d)] (c) Providing financial assistance under section 1 of this 2023 Act; and

29 [(e)] (d) Covering the administrative costs associated with the fund and with making grants,  
30 loans and other distributions of moneys from the fund.

31 (2) The fund consists of:

32 (a) Moneys appropriated or transferred to the fund by the Legislative Assembly;

33 [(b) Moneys transferred to the fund pursuant to ORS 759.425;]

34 [(c)] (b) Loans repaid to the fund and interest due on the loans;

35 [(d)] (c) Amounts donated to the fund;

36 [(e)] (d) Moneys transferred to the fund from the federal government, state agencies or local  
37 governments;

38 [(f)] (e) Lottery bond proceeds allocated by the Legislative Assembly for deposit in the fund;

39 [(g)] (f) Earnings received on moneys in the fund; and

40 [(h)] (g) Other amounts deposited in the fund from any sources.

41 (3) The Broadband Fund is established to provide a flexible funding source for financing pro-  
42 grams and projects that support broadband access, affordability or adoption in this state and to  
43 support the office in carrying out the duties of the office listed under ORS 285A.166.  
44 Notwithstanding ORS 279A.140, the department may enter into contracts as necessary or appropri-  
45 ate to implement programs or projects determined by the department to further broadband access,

1 affordability or adoption.

2 (4) The department may:

3 (a) Adopt objective criteria and standards for the use and allocation of moneys in the Broadband  
4 Fund.

5 (b) Establish accounts and subaccounts within the fund when the department determines that  
6 accounts or subaccounts are necessary or desirable.

7 **SECTION 4.** Section 5, chapter 17, Oregon Laws 2020 (first special session), is amended to read:

8 **Sec. 5.** *[(1) As used in this section:]*

9 *[(a) "Underserved area" means, based on the most recent broadband deployment data published  
10 by the Federal Communications Commission, other federal agencies or the State of Oregon, a ge-  
11 ographic area within one or more census blocks, within which there is no service provider offering  
12 residential wireline or wireless broadband service at a speed of at least 25 megabits per second for  
13 downloads and three megabits per second for uploads.]*

14 *[(b) "Unserved area" means, based on the most recent broadband deployment data published by the  
15 Federal Communications Commission, other federal agencies or the State of Oregon, a geographic area  
16 within one or more census blocks, within which there is no service provider offering residential wireline  
17 or wireless broadband service at a speed of at least 10 megabits per second for downloads and one  
18 megabit per second for uploads.]*

19 *[(2)(a)]* (1) The Oregon Business Development Department shall establish by rule a program for  
20 providing grants or loans to assist eligible applicants with projects for:

21 *[(A)]* (a) The planning and development of broadband service infrastructure;

22 *[(B)]* (b) Digital literacy including cybersecurity;

23 *[(C)]* (c) Digital inclusion; and

24 *[(D)]* (d) Digital adoption.

25 **(2) The program shall be funded only by moneys transferred to the Broadband Fund es-**  
26 **tablished under section 4, chapter 17, Oregon Laws 2020 (first special session), pursuant to**  
27 **ORS 759.425.**

28 *[(b)]* (3) In establishing the program required by this section, the department shall take into  
29 consideration all federal funding opportunities for the planning and development of broadband ser-  
30 vice infrastructure and shall endeavor to administer the program in a manner that serves to maxi-  
31 mize the total available state and federal support for broadband development and related planning.

32 *[(3) Rules adopted under this section shall include but need not be limited to rules establishing:]*

33 *[(a) Criteria for applications and for establishing the eligibility of applicants and proposed projects  
34 for a grant or loan under the program;]*

35 *[(b) A process for:]*

36 *[(A) Identifying broadband service providers that provide service within or near the geographic  
37 area that would be benefited by a project proposed by an eligible applicant; and]*

38 *[(B) Notifying the identified broadband service providers of the pending application;]*

39 *[(c) Standards for the department to evaluate applications from eligible applicants;]*

40 *[(d) Criteria and procedures for broadband service providers to engage in a competitive bidding  
41 process for contracts to complete projects pursuant to a grant or loan awarded under the program;]*

42 *[(e) Reporting requirements by grant or loan award recipients on the broadband service  
43 infrastructure developed or planned for using grant or loan moneys and the locations served or that  
44 will be served by the broadband service infrastructure;]*

45 *[(f) A public process for interested persons to submit comments on pending applications;]*

1        *[(g) A process for appealing grant or loan decisions by the department; and]*  
2        *[(h) Procedures to ensure that any records or data submitted to the department pursuant to ad-*  
3 *ministration of the program that relate to broadband, voice connections or subscriptions and that are*  
4 *confidential, privileged or otherwise protected from disclosure are not disclosed, except as permitted by*  
5 *state and federal law.]*  
6        *[(4) In making broadband service infrastructure grant or loan award decisions under the program,*  
7 *the department shall apply the following preferences:]*  
8        *[(a) Regarding the geographic area that a proposed project will serve, the department shall:]*  
9        *[(A) Give first preference to proposed projects that will serve unserved areas; and]*  
10       *[(B) Give second preference to proposed projects that will serve underserved areas.]*  
11       *[(b) Regarding the customers that a proposed project will serve, the department shall:]*  
12       *[(A) Give first preference to proposed projects that are eligible to receive funds from the Connecting*  
13 *Oregon Schools Fund established under ORS 276A.424;]*  
14       *[(B) Give second preference to proposed projects that will provide broadband service access to*  
15 *public libraries; and]*  
16       *[(C) Give third preference to proposed projects that will provide broadband service access to resi-*  
17 *dential customers.]*  
18       *[(5) The department shall, as part of the program, establish procedures for distributing grant or*  
19 *loan funds awarded for the purpose of providing broadband access to schools. Procedures established*  
20 *under this subsection shall include procedures for transferring not more than 20 percent of the moneys*  
21 *deposited in the Broadband Fund established under section 4 of this 2020 special session Act each*  
22 *biennium from the Broadband Fund to the Connecting Oregon Schools Fund established under ORS*  
23 *276A.424.]*  
24       *[(6) The department may not award a grant or loan under the program for a proposed project*  
25 *to:]*  
26       *[(a) Develop broadband service infrastructure to serve residential locations that, at the time the*  
27 *application for the proposed project is received by the department, have access to terrestrial wireline*  
28 *or wireless broadband service at a speed of at least 25 megabits per second for downloads and three*  
29 *megabits per second for uploads; or]*  
30       *[(b) Develop broadband service infrastructure that will serve two or fewer residential locations.]*  
31       *[(7)(a) If the department awards a grant or loan for a proposed project to develop broadband ser-*  
32 *vice infrastructure that will serve nonresidential locations that, at the time the application for the pro-*  
33 *posed project was received by the department, were served by terrestrial wireline or wireless broadband*  
34 *service at a speed of at least 25 megabits per second for downloads and three megabits per second for*  
35 *uploads, the broadband service providers identified pursuant to rules adopted under subsection (3)(b)*  
36 *of this section shall be afforded a right of first refusal to contract for the development of broadband*  
37 *service infrastructure as part of the project. If a broadband service provider exercises the right of first*  
38 *refusal, the provider shall be awarded the contract to develop broadband service infrastructure as part*  
39 *of the project, subject to the requirement that the provider must offer access to the completed broadband*  
40 *service infrastructure:]*  
41       *[(A) Beginning no later than one year after the date that the department awards the grant or loan*  
42 *to develop the proposed project;]*  
43       *[(B) At demonstrated download and upload speeds equal to or faster than the speeds indicated in*  
44 *the application for the proposed project; and]*  
45       *[(C) At a cost that is equal to or less than the cost indicated in the application for the proposed*

1 *project.]*

2 *[(b) This subsection does not apply to a grant or loan award for a proposed project described in*  
3 *subsection (4)(b) of this section.]*

4 **SECTION 5.** Section 6, chapter 17, Oregon Laws 2020 (first special session), is amended to read:

5 **Sec. 6.** *[(1) Not later than September 15 of each year, the Oregon Business Development Depart-*  
6 *ment shall report, in the manner provided in ORS 192.245, to an interim committee of the Legislative*  
7 *Assembly related to telecommunications on the status of the Broadband Fund established under section*  
8 *4 of this 2020 special session Act. The report required by this section shall include a description of:]*

9 *[(a) All loans and grants provided through the program adopted under section 5 of this 2020 spe-*  
10 *cial session Act; and]*

11 *[(b) The status of the projects funded by the loans and grants.]*

12 *[(2) In addition to the information required in the report under subsection (1) of this section, the*  
13 *report submitted on or before September 15, 2024, by the department pursuant to this section shall in-*  
14 *clude an evaluation of the continuing need for the Broadband Fund, including but not limited to rec-*  
15 *ommendations regarding the repeal, by section 9 of this 2020 special session Act, of the Broadband*  
16 *Fund and the program adopted under section 5 of this 2020 special session Act.]*

17 **The Oregon Broadband Advisory Council shall include in the biennial report required**  
18 **under ORS 285A.160 an evaluation of the continuing need for the program established by rule**  
19 **under section 5, chapter 17, Oregon Laws 2020 (first special session), including any recom-**  
20 **mendations regarding the repeal, by section 9, chapter 17, Oregon Laws 2020 (first special**  
21 **session), of the program established by rule under section 5, chapter 17, Oregon Laws 2020**  
22 **(first special session).**

23 **SECTION 6.** Section 9, chapter 17, Oregon Laws 2020 (first special session), is amended to read:

24 **Sec. 9.** (1) Sections [4,] 5 and 6, **chapter 17, Oregon Laws 2020 (first special session)**, *[of this*  
25 *2020 special session Act]* are repealed on January 2, 2030.

26 (2) Any moneys in the Broadband Fund established under section 4, **chapter 17, Oregon Laws**  
27 **2020 (first special session)**, *[of this 2020 special session Act]* **that are from the universal service**  
28 **fund established under ORS 759.425 and** that are unexpended and unobligated on January 2, 2030,  
29 revert to the universal service fund established under ORS 759.425.

30 **SECTION 7.** **The amendments to section 4, chapter 17, Oregon Laws 2020 (first special**  
31 **session), by section 3 of this 2023 Act become operative on January 2, 2030.**

32 **SECTION 8.** **This 2023 Act being necessary for the immediate preservation of the public**  
33 **peace, health and safety, an emergency is declared to exist, and this 2023 Act takes effect**  
34 **on its passage.**

35