

1.1 ..... moves to amend H.F. No. 389 as follows:

1.2 Page 1, after line 25, insert:

1.3 "Sec. 3. **[237.88] BROADBAND DEVELOPMENT ACCOUNT.**

1.4 Subdivision 1. **Establishment.** A broadband development account is established as  
1.5 a separate account in the special revenue fund in the state treasury. The commissioner of  
1.6 management and budget shall credit to the account credits and transfers to the account  
1.7 made by the commissioner of public safety of revenues collected from the surcharge  
1.8 imposed under section 403.11, subdivision 6. Any earnings arising from account assets  
1.9 must be credited to the account. Funds remaining in the account at the end of the fiscal  
1.10 year do not cancel to the general fund, but remain in the account. The commissioner  
1.11 of commerce shall manage the account.

1.12 Subd. 2. **Purpose.** The purpose of the account is to fund the broadband development  
1.13 grant program under section 237.89 to provide financial assistance to broadband providers  
1.14 to help achieve the state's broadband goals under section 237.012 with respect to access  
1.15 and speed.

1.16 **EFFECTIVE DATE.** This section is effective the day following final enactment.

1.17 Sec. 4. **[237.89] BROADBAND DEVELOPMENT GRANT PROGRAM.**

1.18 Subdivision 1. **Establishment; purpose.** A broadband development grant program  
1.19 is established in the Office of Broadband Development. The purpose of the account is to  
1.20 establish a grant program to provide financial assistance to broadband providers to help  
1.21 achieve the state's broadband goals under section 237.012, with respect to access and  
1.22 speed. The commissioner of commerce shall administer the program.

1.23 Subd. 2. **Program requirements.** The broadband development grant program  
1.24 must only award grants to:

- 1.25 (1) a provider of retail broadband services;

2.1 (2) support the capital cost of equipment and facilities used to provide broadband  
2.2 Internet access;

2.3 (3) extend a broadband service provider's network to an area that has no broadband  
2.4 access from any broadband service provider or whose service is below the level of the  
2.5 state broadband goals in section 237.012, subdivision 1;

2.6 (4) support a level of broadband service that meets or exceeds the minimum upload  
2.7 and download speeds enumerated in the state broadband goals in section 237.012,  
2.8 subdivision 1; and

2.9 (5) projects for which state funds are necessary in order to provide broadband  
2.10 service to unserved and underserved areas.

2.11 For the purposes of this section:

2.12 (1) "unserved" means areas of the state without access to broadband services; and

2.13 (2) "underserved" means areas of the state in which the average broadband speed  
2.14 is below that of the state's broadband speed goals enumerated in section 237.102,  
2.15 subdivision 1.

2.16 Subd. 3. **Application.** An applicant must file an application for a grant under this  
2.17 section with the commissioner of commerce, on a form prescribed by the commissioner.  
2.18 The application must contain evidence that the proposed use of grant funds meets all the  
2.19 requirements of subdivision 3, and any other information requested by the commissioner  
2.20 of commerce.

2.21 Subd. 4. **Limitations.** No grant award may be made under this section in excess  
2.22 of \$.....

2.23 Subd. 5. **Geographic balance.** The commissioner of commerce shall endeavor  
2.24 to equally distribute grant awards under this section to provide broadband service to  
2.25 unserved and underserved areas located in all parts of the state, as determined by the  
2.26 Office of Broadband Development.

2.27 Subd. 6. **Allocation of funds.** (a) If federal funding of at least \$150,000 annually is  
2.28 not awarded to a contractor to continue efforts to collect and verify data from broadband  
2.29 providers, broadband users, and citizens without broadband service that is used to map  
2.30 the level of broadband service and service gaps in this state at a detailed geographic  
2.31 level, prior to awarding any competitive grant to broadband providers under this section,  
2.32 the commissioner of commerce must award a grant to a contractor to perform those  
2.33 data collection and mapping activities in an amount that is sufficient to insure that the  
2.34 contractor has \$150,000 annually to complete those tasks.

2.35 (b) After any award made under paragraph (a), the funds remaining in the broadband  
2.36 development account must be allocated as follows:

3.1 (1) at least 25 percent of remaining funds in the account must be used to expand  
 3.2 broadband service on a wireless platform to areas of Minnesota in which wireless  
 3.3 broadband service is unavailable;

3.4 (2) during the first two years of the grant program, grants may only be awarded to  
 3.5 establish or upgrade broadband service in unserved areas and areas in which average  
 3.6 download speeds are below three megabits per second and average upload speeds are  
 3.7 below 768 kilobits per second.

3.8 Sec. 5. **APPROPRIATION.**

3.9 \$...... is annually appropriated from the broadband development account established  
 3.10 under section 237.88 to the commissioner of commerce for the purposes of section 237.89.

3.11 **EFFECTIVE DATE.** This section is effective the day following final enactment."

3.12 Page 2, lines 25 and 26, delete "telephone" and insert "telecommunications"

3.13 Page 5, line 19, delete "data" and insert "information"

3.14 Page 6, line 9, before the period, insert "; SURCHARGE"

3.15 Page 6, lines 12 and 16, delete "6" and insert "7"

3.16 Page 7, delete subdivision 3 and insert:

3.17 "Subd. 3. **Department of Revenue provisions.** The audit, assessment, appeal,  
 3.18 collection, refund, penalty, interest, enforcement, and administrative provisions of  
 3.19 chapters 270C and 289A that are applicable to the taxes imposed by chapter 297A apply  
 3.20 to any fee imposed under section 403.161."

3.21 Page 7, after line 18, insert:

3.22 "Subd. 8. **Surcharge.** Beginning July 1, 2013, a surcharge of four cents per retail  
 3.23 transaction is added to the fee imposed under this section. The surcharge must be assessed  
 3.24 and collected in the same manner as the fee imposed under this section, but section  
 3.25 403.162, subdivision 2, and subdivision 5, paragraph (b), do not apply to the surcharge.  
 3.26 The commissioner must deposit receipts of the surcharge in the state treasury and credit  
 3.27 them to the broadband development account in the special revenue fund established under  
 3.28 section 237.88."

3.29 Renumber the sections in sequence and correct the internal references

3.30 Amend the title accordingly