PROTECT JOBS AND INVESTMENT FROM GOVERNMENT COMPETITION

Bill Summary

• Permits cities to provide phone, cable and broadband services in competition with private providers, subject to certain requirements, including:

Applicable to all City-Owned Systems
(1) Compliance with laws and regulations applicable to private providers.
(2) Separate accounting.
(3) Shall pay sales tax on tangible property in same manner as private providers.
(4) Shall not provide service outside jurisdictional boundaries.
(5) Shall not use governmental powers to compel citizens to subscribe to service.
(6) Must grant non-discriminatory access to rights-of-way and utility poles.
(7) Shall not use city resources to promote city services in comparison to private providers or to require city employs or contractors to subscriber to city services.

Not applicable to existing City-Owned Systems
(8) No cross-subsidization from other city services or taxpayer revenues, and no pricing below the cost of the service.
(9) In calculating costs for pricing purposes must impute costs that would be incurred by a private provider (e.g., property taxes, right-of-way fees, etc.).
(10) Must annually remit to the city’s general fund taxes and fees that would be paid by private provider.
(11) Must conduct an annual audit of competitive activities and make this audit publicly available by filing with Utilities Commission.

• Cities must hold at least two public hearings.

• Cities may not issue Certificates of Participation to fund competitive projects (but may issue COPs to repair an existing system).

• The Local Government Commission is given additional authority to review applications of cities to compete.

• Cities may sell or transfer without submitted to a vote.

• The bill does not apply to:

(1) A city’s operating of a communications network for its own internal governmental purposes such as fire, rescue, water, etc.
(2) A city’s provision of services to unserved areas. Cities may petition the Utilities Commission for a determination of unserved areas.
(3) A city’s provision of free services such as free wireless.
(4) Cities that have already entered the market (i.e., Wilson, Salisbury, MI-Connection, Morganton) – except they must comply with (1) – (7) above.