

Jim Warner

## 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.