



Senate Bill 1273 (as introduced 6-1-04)
Sponsor: Senator Bruce Patterson
Committee: Technology and Energy

Date Completed: 9-14-04

CONTENT

The bill would repeal the Michigan Broadband Development Authority Act.

The Act was enacted in 2002 to create the Michigan Broadband Development Authority as a "public body corporate and politic" within the Department of Treasury, and establish its board of directors. (The Authority was transferred from the Department of Treasury to the Department of Labor and Economic Growth under Executive Order 2003-18.) The Act does the following:

- Prescribes the Authority's powers, including making loans to, and entering into joint venture and partnership arrangements with, broadband developers and operators.
- Provides that the Authority may not enter into new partnerships or other joint venture arrangements or provide new loans after December 31, 2008, except to the extent necessary to maintain, improve, complete, or expand within a defined service area an element of the broadband infrastructure already acquired or financed under the Act.
- Authorizes the Authority to issue tax-exempt bonds and notes to finance or refinance all or part of the development of the broadband infrastructure; and specifies that the notes or bonds are not a debt of the State.
- Prohibits the Authority from making loans to, or entering into joint ventures or partnership arrangements with, any governmental entity or nonprofit organization except in connection with financing development costs for the portion of broadband structure used or to be used exclusively by governmental entities or nonprofit agencies.
- Requires the Authority to establish a seed capital loan program for loans to certain persons who apply to the Authority for broadband infrastructure financing; and provides that priority for the program must be given for developments targeted to underserved areas, and preference to receive the loans must be given to community economic development programs and small providers.

MCL 484.3201 to 484.3225

Legislative Analyst: Julie Koval

FISCAL IMPACT

Currently, the Broadband Development Authority has 10 classified FTEs and a total administrative budget of \$1.3 million. Additionally, the operating revenue for the authority was provided through a line of credit from the Michigan State Housing Development Authority. The Authority has borrowed approximately \$13.6 million to date, which would go unpaid. Other costs would include unemployment compensation and other costs related to layoffs if none of the employees could transfer into other positions. The estimated average cost for a layoff is \$12,000.

Fiscal Analyst: Maria Tyszkiewicz

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