

GOVERNMENT REIMBURSEMENT FOR RELOCATION OF BROADBAND FACILITIES

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<http://www.house.mi.gov/hfa>

House Bill 5016 (proposed substitute H-1)

Sponsor: Rep. Eric Leutheuser

House Committee: Communications and Technology

Updated as of 12-3-15

Analysis available at
<http://www.legislature.mi.gov>

SUMMARY:

House Bill 5016 would amend Section 13 of Public Act 368 of 1925, which regulates the usage of public right of ways along roads, by requiring a local unit of government or the state Department of Transportation to reimburse an entity holding a license under the Michigan Telecommunications Act, or an entity holding a franchise under the Uniform Video Services Local Franchise Act, for relocation of its facilities under certain circumstances. The bill would take effect 90 days after the date it is enacted.

If the following apply, a city, village, township, or county, or state Department of Transportation would be required to reimburse a licensee or franchisee for 100% of costs relating to its relocation of facilities:

- The unit of government either:
 - Requested the entity to temporarily or permanently relocate its facilities.
 - Requested the entity to temporarily or permanently relocate its facilities to protect those facilities due to construction or other activity by the city, village, township, or county, or the state transportation department. [NOTE: The second condition appears to be wholly contained within the first.]
- The entity invests money in broadband infrastructure in this state.
- The entity's facilities were placed in the public right-of-way less than six years before the date of the request to relocate those facilities.

Regardless of when the facilities were placed in the public right of way, the unit of government would still be required to send written notification to the licensee or franchisee at least two years before the relocation is to occur. If written notification is not sent, then the unit of government would still be required to reimburse the entity 100% of its relocation costs.

Additionally, the entity could still be required by the unit of government to obtain any permits or conduct any surveys or studies related to the relocation. However, the local unit of government would be required to waive any permit fees and/or reimburse for survey or study costs.

The bill also would not prohibit a unit of government and an entity from entering into a voluntary written agreement to waive or modify duties relating to relocation costs,

including, but not limited to, waiving or modifying any limitations, conditions, or requirements of that reimbursement.

If an entity is granted a property tax credit under Section 8 of the Metropolitan Extension Telecommunications Rights-of-Way Oversight Act, the amount of reimbursement for relocation costs would be reduced by the amount of that property tax credit.

The Michigan Public Service Commission also would be required to establish a process for dispute resolution regarding reimbursement of relocation costs.

The bill would define "relocation costs" as all costs for relocating an entity's facilities in the public right of way, including, but not limited to, boring costs and labor costs associated with that relocation.

"Broadband infrastructure" would be defined to refer to "all facilities, hardware, and software and other intellectual property necessary to provide broadband services in this state, including, but not limited to, voice, video, and data."

"Study" would be defined as "a study or survey, including, but not limited to, drainage, soil, or center line studies."

FISCAL IMPACT:

Background

Statutory Authority – Public utility structures and facilities, including above-ground telecommunication and electric lines, as well as below-grade fiber-optic lines, gas transmission pipelines, water and sewer lines, and steam pipes, are frequently placed within highway rights-of-way. The use of these rights-of-way is governed in Michigan law by Public Act 368 of 1925. Public Act 368 authorizes utilities to occupy the right-of-way of public highways, subject to the consent of the public highway owner. The law also makes the construction and maintenance of the utility structures subject to "the paramount right of the public to use such public places, roads, bridges, and waters..." Access by utilities to public highway right-of-way is typically granted by permit issued by the highway agency.

Reimbursement – The widening or reconstruction of a highway or street by the Michigan Department of Transportation, or a local road agency (city, village, or county road commission), may require the relocation of utility facilities within the right-of-way. Under Michigan law, when a utility's facilities are within the right-of-way by permit, the highway agency typically does not pay for relocation. The department or a local road agency only pays for utility relocation when the utility has an easement or actual ownership of the property on which its facilities are placed.

While highway agencies typically do not pay for utility relocation costs, except under circumstances described above, utilities typically do not pay for occupying public highway rights-of-way. Utilities benefit from this free use of the public right-of-way that would otherwise be very costly to purchase.

Federal Participation in Relocation Costs – Federal-aid highway funds will participate in the cost of highway-related utility relocation under provisions of 23 CFR 645. Specifically, federal funds will participate in utility relocation costs necessitated by highway construction only under one or more of the following circumstances: the utility has a property interest in its present location; the state has a law or some legal basis for payment which provides authority to pay for utility relocations; the utility is municipally owned; or the relocation involves implementing safety corrective measures. Federal participation is made on a reimbursement basis; the state is reimbursed for relocation costs only after it is demonstrated that state funds have paid for relocation. A complete description of the federal regulations governing reimbursement of utility relocation is found in the Federal Highway Administration publication Program Guide, Utility Relocation, and Accommodation on Federal-Aid Highway Projects.
<http://www.fhwa.dot.gov/reports/utilguid/index.cfm>

Fiscal Impact

In requiring the Michigan Department of Transportation and local road agencies to pay for the costs of relocating certain telecommunication facilities, House Bill 5016 would have a negative fiscal impact on the department and local road agencies. The amount of the impact would vary by year and by agency depending on the circumstances of specific highway projects. For many agencies the bill would have no impact or minimal impact in most years. However, in those circumstances where a highway construction or reconstruction project necessitates the relocation of certain telecommunication facilities – in particular, major projects in urban areas – the costs to the highway agency could be substantial.

Because federal funds would not participate in those relocation costs, the relocation costs would have to come from the State Trunkline Fund with respect to state trunkline projects, or from local road or street funds with respect to county or city/village projects.

Note that the bill would only apply to an entity holding a license under the Michigan Telecommunications Act, or an entity holding a franchise under the Uniform Video Services Local Franchise Act, under circumstances defined in the bill. The bill would have no impact on the treatment of other utilities occupying public highway rights-of-way, such as electric transmission companies, gas pipelines, water or sewer lines or steam pipes.

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations, and does not constitute an official statement of legislative intent.