

# STATE OF NEW YORK

7456

2025-2026 Regular Sessions

## IN SENATE

April 16, 2025

Introduced by Sen. MAY -- read twice and ordered printed, and when printed to be committed to the Committee on Local Government

AN ACT to amend the general municipal law, in relation to authorizing the creation of broadband union districts

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. The general municipal law is amended by adding a new article 17-B to read as follows:

### ARTICLE 17-B

#### BROADBAND UNION DISTRICTS

##### Section 795. Definitions.

6 795-a. Formation; duration; non-contestability.

7 795-b. Governing board; bylaws.

8 795-c. District officers.

9 795-d. District powers.

10 795-e. Limitations.

11 795-f. Insurance; liability.

12 795-g. Financial operations and accountability.

13 795-h. Effect of other agreements.

14 795-i. State assistance.

15 795-j. Admission of district members.

16 795-k. Withdrawal of district members.

17 795-l. Dissolution.

18 795-m. Severability.

19 795-n. Liberal construction.

20 § 795. Definitions. For the purposes of this article, the following terms shall have the following meanings:

21 1. "Broadband union district" or "district" means a multi-municipality district created under this article, comprising of the territory of its member municipalities.

22 2. "Municipality" means any county, city, town, or village.

EXPLANATION--Matter in italics (underscored) is new; matter in brackets [-] is old law to be omitted.

LBD11681-01-5

1 3. "Broadband infrastructure" means any and all parts of any broadband  
2 system owned by a broadband union district, whether using wires, cables,  
3 fiber optics, wireless, other technologies, or a combination thereof,  
4 and used for the purpose of transporting or storing information, in  
5 whatever forms, directions, and media, together with any improvements  
6 constructed or acquired later, and all other facilities, equipment, and  
7 appurtenances necessary or appropriate to such system. Provided, howev-  
8 er, that the term "broadband infrastructure" and any regulatory impli-  
9 cations or any restrictions under this article regarding such shall not  
10 apply to facilities or portions of any communications or broadband  
11 facilities intended for use by, and solely used by, a district member  
12 and its own officers and employees in the operation of municipal depart-  
13 ments or systems of which such broadband facilities are merely an ancil-  
14 lary component.

15 4. "District member" or "member municipality" means a municipality  
16 that has elected to join a broadband union district under this article.

17 5. "Governing board" or "board" means the governing board of a broad-  
18 band union district as established pursuant to section seven hundred  
19 ninety-five-b of this article.

20 6. "Board member" means a member of a district's governing board  
21 appointed pursuant to section seven hundred ninety-five-b of this arti-  
22 cle.

23 7. "District officer" or "officer" means an officer of a district  
24 appointed pursuant to section seven hundred ninety-five-c of this arti-  
25 cle.

26 § 795-a. Formation; duration; non-contestability. 1. The governing  
27 bodies of any two or more municipalities hereby authorized to form a  
28 broadband union district for the creation, maintenance and adminis-  
29 tration of broadband infrastructure and delivery of broadband services,  
30 which district shall be a body politic and corporate, provided that all  
31 of the territory of such broadband union district shall be contiguous. A  
32 municipality that is a county shall not be prohibited from forming a  
33 broadband union district with a municipality that is a city, town or  
34 village located within such county.

35 2. (a) To form a broadband union district, the governing body of each  
36 municipality seeking to form such district shall approve a resolution or  
37 local law so authorizing the formation of such district. Such a munici-  
38 pality may hold a public hearing on such proposed district, and submit  
39 to the eligible voters of such municipality at an annual or special  
40 meeting a proposition to vote for or against the formation of such  
41 district.

42 (b) Additional municipalities may be admitted to a district in the  
43 manner provided in section seven hundred ninety-five-d of this article.

44 3. (a) All district members of a newly formed district pursuant to  
45 this section shall agree on a district charter, which shall be submitted  
46 to the secretary of state. Such district charter shall include, but not  
47 be limited to the:

48 (i) name of such newly formed district;

49 (ii) member municipalities of such district;

50 (iii) initial members of the governing board;

51 (iv) initial bylaws;

52 (v) geographical territory comprising such district; and

53 (vi) any other information as required by the secretary of state.

54 (b) Upon receipt and acceptance of a district charter submitted by a  
55 newly formed district, the secretary of state shall issue to such

1 district a certificate of incorporation designating such district as a  
2 body politic and corporate.

3 4. A district formed under this article shall be authorized to operate  
4 under an assumed business name.

5 5. A district formed under this article shall be composed of and  
6 include all lands within its member municipalities, and any other muni-  
7 cipality subsequently admitted to such district as provided in this  
8 article, except for any municipalities that withdraw as provided in this  
9 article.

10 6. A district formed under this article shall continue as a body poli-  
11 tic and corporate unless and until dissolved according to the procedures  
12 set forth in this article.

13 7. (a) An action shall not be brought directly or indirectly challeng-  
14 ing, questioning, or in any manner contesting the legality of the forma-  
15 tion, or the existence as a body corporate and politic of any broadband  
16 union district created under this article after six months from the date  
17 of the issuance by the secretary of state of the certificate of incorpo-  
18 ration required by paragraph (b) of subdivision three of this section.  
19 An action shall not be brought directly or indirectly challenging, ques-  
20 tioning, or in any manner contesting the legality or validity of any  
21 bonds issued to defray costs of broadband infrastructure improvements  
22 approved by the board, after six months from the date upon which the  
23 board voted affirmatively to issue such bonds.

24 (b) This section shall be liberally construed to serve the legislative  
25 purpose to validate and make certain the legal existence of all broad-  
26 band union districts in this state and the validity of bonds issued or  
27 authorized for broadband infrastructure, and to bar every remedy there-  
28 for notwithstanding any defects or irregularities, jurisdictional or  
29 otherwise, after expiration of the six-month period. The provisions of  
30 this paragraph and paragraph (a) of this subdivision shall also apply to  
31 financial contracts directly related to the district's bonding authori-  
32 ty.

33 (c) To the extent a district constructs broadband infrastructure with  
34 the intent of providing broadband services, such district shall ensure  
35 that any and all losses from such services, or in the event such  
36 services are abandoned or curtailed, any and all costs associated with  
37 the investment in broadband infrastructure, shall not be borne by the  
38 taxpayers of district members.

39 § 795-b. Governing board; bylaws. 1. The legislative power and author-  
40 ity of a district and the administration and the general supervision of  
41 all fiscal, prudential, and governmental affairs of such district shall  
42 be vested in a legislative body known as the governing board, except as  
43 specifically provided otherwise in this article.

44 2. (a) A district's governing board shall be composed of one represen-  
45 tative from each member district and one or more alternates to serve in  
46 the absence of such designated representative. The chief executive or  
47 legislative body of each member municipality shall appoint its represen-  
48 tative board member and alternates for a term of three years, to serve  
49 or be replaced at the pleasure of such member municipality's chief exec-  
50 utive or legislative body. Board members and alternates may be reap-  
51 ointed upon expiration of their term, without limit.

52 (b) Initial appointments shall be made at the time of issuance of a  
53 certificate of incorporation by the secretary of state pursuant to para-  
54 graph (b) of subdivision three of section seven hundred ninety-five-a of  
55 this article.

1 (c) Any vacancy shall be filled within thirty days after such vacancy  
2 occurs by appointment by the member municipality which appointed the  
3 board member or alternate. An appointee to a vacancy shall serve until  
4 the expiration of the term of the board member or alternate to whose  
5 position the appointment was made and may thereafter be reappointed.

6 3. (a) For the purpose of transacting business, the presence of more  
7 than fifty percent of board members or alternates shall constitute a  
8 quorum. Any action adopted by a majority of the votes cast at a meeting  
9 of the board at which a quorum is present shall be the action of the  
10 board, except as otherwise provided in this article.

11 (b) Each board member or alternate shall be entitled to cast one vote.

12 4. (a) A governing board shall meet at least quarterly, with at least  
13 fifty percent of board members or alternates constituting a quorum.  
14 Board members and alternates may be authorized to attend meetings of the  
15 board remotely, as specified in the district's bylaws.

16 (b) Meetings of a governing board shall be subject to the open meet-  
17 ings law under article seven of the public officers law, and the freedom  
18 of information law under article six of the public officers law.

19 5. Board members shall serve without compensation, provided, however,  
20 that board members may be reimbursed for actual costs incurred in the  
21 performance of their duties. Notwithstanding the provisions of this  
22 subdivision, upon unanimous agreement of the governing bodies of all  
23 member municipalities, a district may elect to provide a salary to its  
24 board members.

25 6. Upon formation of a district, the governing board shall adopt  
26 initial bylaws consistent with this article. Subsequent amendment of  
27 such bylaws shall require a supermajority vote of the board.

28 § 795-c. District officers. 1. The officers of a district shall be  
29 composed of a chair, vice chair, secretary, and treasurer, to be  
30 appointed by a majority vote of the board. Prior to assuming office, the  
31 treasurer of a district may be required to post bond in such amounts as  
32 shall be determined by resolution of the board. The cost of such bond  
33 shall be borne by the district.

34 2. Board members shall be permitted to serve as district officers.

35 3. The board may hire additional officers or staff members of the  
36 district as determined to be necessary by the board.

37 4. Officers of a district shall be paid from district funds such  
38 compensation or reimbursement of expenses, or both, as determined by the  
39 board.

40 § 795-d. District powers. Subject to the limitations and restrictions  
41 set forth in section seven hundred ninety-five-e of this article, a  
42 district created under this article shall have the power to:

43 1. plan, finance, acquire, construct, reconstruct, equip, operate, and  
44 maintain broadband infrastructure and related facilities within such  
45 district's service area for the purpose of providing broadband services  
46 to the public;

47 2. provide broadband services, including internet access and any other  
48 telecommunications or information services, to customers within such  
49 district, and outside such district upon decision of the board, and to  
50 fix and collect rates, fees, and other charges for such services;

51 3. establish a budget to provide for the funding thereof out of gener-  
52 al revenue of the district, consistent with the provisions of section  
53 seven hundred ninety-five-g of this article;

54 4. enter into contracts, agreements, and partnerships, including  
55 intergovernmental agreements, franchise agreements, and public-private  
56 partnerships, for carrying out the purposes of such district, including

1 the authority to contract with any person, firm, corporation, nonprofit  
2 organization, state agency, or federal agency for services, infrastruc-  
3 ture, or financing;

4 5. apply for and accept gifts, grants, loans, or contributions of  
5 money, property, or services from any public or private source, includ-  
6 ing but not limited to the federal government, the state, any state  
7 agency, or any municipality;

8 6. purchase, lease, hold, and dispose of real and personal property  
9 and interests therein, including but not limited to easements, rights-  
10 of-way, and licenses, in the name of such district, and to use powers of  
11 eminent domain as authorized under law, in furtherance of its purposes;

12 7. borrow money and to issue bonds, notes, or other obligations of  
13 such district from time to time, and to enter into loan agreements or  
14 financing agreements, to finance capital improvements or working capital  
15 for such district, and to secure payment of such obligations by pledge  
16 of the district's revenues, assets, and other available funds, consist-  
17 ent with the local finance law and this article;

18 8. pledge or assign its revenues, including fees and charges, as secu-  
19 rity for debts;

20 9. establish reserve funds and sinking funds for the payment of prin-  
21 cipal and interest on its obligations;

22 10. hire officers, employees, engineers, contractors, legal counsel,  
23 financial advisors, and other necessary personnel, to fix their compen-  
24 sation, and to engage in insurance, pension, and other benefit programs  
25 for such employees;

26 11. make and enforce rules for the use of such district's facilities  
27 and the conduct of its operations, and to promulgate terms of service  
28 for customers, and to enforce customer obligations and discontinue  
29 service for nonpayment consistent with law, rule, or regulation;

30 12. cooperate with other municipal corporations, districts, or author-  
31 ities, whether or not member municipalities of such district, that  
32 provide utilities, broadband services, or other telecommunications, in  
33 joint use of poles, conduits, towers or other facilities, and to enter  
34 joint ownership arrangements if beneficial; and

35 13. exercise all other powers necessary or convenient to effectuate  
36 the purposes of such district consistent with this article.

37 § 795-e. Limitations. Notwithstanding any grant of authority under  
38 this article to the contrary, the limitations under this section shall  
39 supersede any other provision under this article.

40 1. A district shall not have the power to levy any tax or special  
41 assessment upon real property or taxpayers. It shall not charge any fee  
42 to, require any financial contribution from, or require funds generated  
43 by taxing or assessment powers from member municipalities except as  
44 provided by voluntary agreement of such member municipalities.

45 2. All obligations of a district shall be payable solely from the  
46 revenues and assets of such district. Neither the faith and credit nor  
47 the taxing power of the state or any municipality is pledged to the  
48 payment of such district's obligations, and neither the state nor any  
49 municipality shall be liable thereon.

50 3. A district shall be subject to the provisions of the local finance  
51 law as if it were a municipality subject to the provisions of such chap-  
52 ter, except where inconsistent with this article's provisions for reven-  
53 ue-backed debt. A district shall not incur indebtedness and an aggregate  
54 principal amount exceeding that which shall be determined by the comp-  
55 troller, without first obtaining approval from the comptroller.

1 4. A district's provision of service shall be confined to the territory  
2 of its member municipalities, except as needed to connect to networks  
3 or facilities outside such territory, or as specifically determined  
4 pursuant to subdivision two of section seven hundred ninety-five-d of  
5 this article.

6 5. No member municipality shall undertake a competing broadband  
7 project within its district's territory that duplicates the services of  
8 such district, except in coordination with or consent of such district.

9 6. A district shall be subject to all applicable provisions of the  
10 public service law and regulations of the public service commission as a  
11 provider of broadband or telecommunications services, except where  
12 expressly exempted. The formation of such district and its operation  
13 shall not diminish any existing regulatory obligations. The public  
14 service commission shall have regulatory authority to all parts of such  
15 district's broadband infrastructure otherwise subject to the authority  
16 of such commission.

17 7. A district shall be subject to the freedom of information law under  
18 article six of the public officers law.

19 § 795-f. Insurance; liability. 1. A district shall be authorized to  
20 purchase liability insurance.

21 2. Member municipalities shall be immune to any liability for actions  
22 of their district.

23 3. Board members and officers shall be subject to the provisions of  
24 section eighteen of the public officers law relating to defense and  
25 indemnification of officers and employees of public entities.

26 § 795-g. Financial operations and accountability. 1. A district shall  
27 adopt an annual budget for each fiscal year, which fiscal year shall be  
28 defined by such district. The proposed budget shall be submitted to each  
29 member municipality for review and comment at least thirty days prior to  
30 adoption. The board shall hold a public hearing on such proposed budget.

31 2. The accounts of a district shall be audited annually by an inde-  
32 pendent certified public accountant, and a copy of the audit report  
33 shall be filed with the state comptroller and each member municipality.

34 3. A district shall prepare an annual report on the prior year,  
35 including but not limited to, the number of subscribers, miles of broad-  
36 band network deployed, and financial performance to be provided to  
37 district members and the public.

38 4. Member municipalities may lend or advance funds to their district,  
39 which shall be repaid from revenues of the district; provided, however,  
40 that no such lending or advancement of funds shall require a member  
41 municipality to act as an ongoing creditor of such district.

42 § 795-h. Effect of other agreements. Formation of a district shall not  
43 automatically cancel any cable, telecommunication, broadband, or other  
44 franchise agreements in existence at the time of such district's forma-  
45 tion; provided, however, that existence of any such agreements shall not  
46 act to prevent such district's formation.

47 § 795-i. State assistance. The state may provide technical and finan-  
48 cial assistance to any district, and districts shall be eligible enti-  
49 ties for any state broadband grant programs.

50 § 795-j. Admission of district members. 1. A board may authorize the  
51 inclusion of additional district members in its broadband union district  
52 upon such terms and conditions as it in its sole discretion shall deem  
53 to be fair, reasonable, and in the best interest of such district. The  
54 legislative body of any nonmember municipality which desires to be  
55 admitted to such district shall make application for admission to the  
56 board. The board shall determine the financial, economic, governance,

1 and operational effects that are likely to occur if such municipality is  
2 admitted and thereafter either grant or deny authority for admission of  
3 such petitioning municipality. If the board grants such authority, it  
4 shall also specify any terms and conditions, including financial obli-  
5 gations, upon which such admission is predicated. Upon resolution of the  
6 board, such applicant municipality shall become a district member.

7 2. Upon admission of a new member municipality, the board of the  
8 district shall file an amended district charter with the secretary of  
9 state.

10 3. A newly admitted district member shall be subject to all bylaws of  
11 the district, and any existing obligations of such district.

12 4. A newly admitted district member shall be entitled to appoint a  
13 representative member of the board and alternate in accordance with  
14 section seven hundred ninety-five-b of this article, who shall be enti-  
15 tled to the same voting rights as existing members under such section  
16 seven hundred ninety-five-b.

17 § 795-k. Withdrawal of district members. 1. A district member may  
18 withdraw from its district upon the following terms and conditions:

19 (a) such district member has been a member of such district for at  
20 least five years;

21 (b) such district member has provided such district's board with at  
22 least one year notice of such withdrawal;

23 (c) the board of such district has found that withdrawal of such  
24 district member will not materially impair such district's ability to  
25 repay its debts or meet obligations; and

26 (d) the board of such district has voted unanimously to authorize the  
27 withdrawal of such district member.

28 2. The membership of the withdrawing district member shall terminate  
29 after the vote to withdraw pursuant to paragraph (d) of subdivision one  
30 of this section.

31 3. A district may require a district member withdrawing under this  
32 section to compensate such district for investments made to broadband  
33 infrastructure within such withdrawing district member's jurisdiction,  
34 or to otherwise sell or lease such broadband infrastructure to such  
35 district.

36 § 795-l. Dissolution. 1. If a board by resolution approved by unani-  
37 mous vote of all the votes entitled to be cast determines that it is in  
38 the best interests of the public, the district members, and the district  
39 that such district be dissolved, and if such district then has no  
40 outstanding obligations under pledges of broadband infrastructure net  
41 revenue, long-term contracts, or contracts subject to annual appropri-  
42 ation, and will have no such debt or obligation upon completion of  
43 dissolution, it shall prepare a plan of dissolution. Upon a successful  
44 vote to dissolve, the board shall approve such plan of dissolution, and  
45 such district shall cease to conduct its affairs except insofar as may  
46 be necessary for the winding up thereof. The board shall immediately  
47 cause a notice of the proposed dissolution to be mailed to each known  
48 creditor of such district and shall proceed to collect the assets of  
49 such district and apply and distribute them in accordance with such plan  
50 of dissolution.

51 2. The plan of dissolution shall:

52 (a) identify and value all unencumbered assets;

53 (b) identify and value all encumbered assets;

54 (c) identify all creditors and the nature and amount of all liabil-  
55 ities and obligations;

1 (d) identify all obligations under long-term contracts and contracts  
2 subject to annual appropriation;

3 (e) specify the means by which assets of such district shall be liqui-  
4 dated and all liabilities and obligations paid and discharged, or  
5 adequate provision made for the satisfaction thereof;

6 (f) specify the means by which any assets remaining after discharge of  
7 all liabilities shall be liquidated if necessary; and

8 (g) specify that any assets remaining after payment of all liabilities  
9 shall be apportioned and distributed among the district members accord-  
10 ing to a formula based upon population.

11 3. When the plan of dissolution has been implemented, the board shall  
12 adopt a resolution certifying such implementation to the district  
13 members, whereupon such district shall be terminated, and notice thereof  
14 shall be delivered to the temporary president of the senate and the  
15 speaker of the assembly in anticipation of confirmation of dissolution  
16 by the state legislature. Such confirmation of dissolution shall be  
17 submitted to the secretary of state.

18 § 795-m. Severability. If any clause, sentence, paragraph, subdivision  
19 or section of this article shall be adjudged by any court of competent  
20 jurisdiction to be invalid, such judgment shall not affect, impair, or  
21 invalidate the remainder thereof, but shall be confined in its operation  
22 to the clause, sentence, paragraph, subdivision or section thereof  
23 directly involved in the controversy in which such judgment shall have  
24 been rendered. It is hereby declared to be the intent of the legislature  
25 that this article would have been enacted even if such invalid  
26 provisions had not been included herein.

27 § 795-n. Liberal construction. This article shall be liberally  
28 construed to effectuate the purposes of this article. The powers herein  
29 granted shall be in addition to all other powers otherwise granted by  
30 state or local law, rule, or regulation.

31 § 2. This act shall take effect one year after it shall have become a  
32 law. Effective immediately, the addition, amendment and/or repeal of any  
33 rule or regulation necessary for the implementation of this act on its  
34 effective date are authorized to be made and completed on or before such  
35 effective date.