

SENATE BILL REPORT

E2SHB 1701

As Reported by Senate Committee On:
Economic Development, Trade & Innovation, March 30, 2009
Ways & Means, April 6, 2009

Title: An act relating to authorizing the department of information services to engage in high-speed internet activities.

Brief Description: Authorizing the department of information services to engage in high-speed internet activities.

Sponsors: House Committee on Ways & Means (originally sponsored by Representatives Hudgins, McCoy and Hasegawa).

Brief History: Passed House: 3/09/09, 93-2.

Committee Activity: Economic Development, Trade & Innovation: 3/19/09, 3/30/09
[DPA-WM, w/oRec].

Ways & Means: 4/06/09 [DPA].

SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, TRADE & INNOVATION

Majority Report: Do pass as amended and be referred to Committee on Ways & Means.
Signed by Senators Kastama, Chair; Shin, Vice Chair; Delvin, Eide and Kilmer.

Minority Report: That it be referred without recommendation.
Signed by Senator Zarelli, Ranking Minority Member.

Staff: Jack Brummel (786-7428)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass as amended.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Tom, Vice Chair, Operating Budget; Zarelli, Ranking Minority Member; Brandland, Fairley, Hobbs, Honeyford, Keiser, Kline, Kohl-Welles, McDermott, Murray, Oemig, Parlette, Pflug, Regala, Rockefeller and Schoesler.

Staff: Erik Sund (786-7454)

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Background: In 2008 the Department of Information Services (DIS) was directed to convene a High-Speed Internet Strategy Work Group (the work group) and work with it to develop a statewide High-Speed Internet Deployment and Adoption Strategy. DIS and the work group released the strategy in December of 2008. Included in the strategy were recommendations that maps and inventories of the state's high-speed internet infrastructure be developed, that the state seek funding in the form of grants and donations from a variety of entities, and that DIS be authorized to coordinate the entire deployment and adoption strategy. Also included was a recommendation that the Community Technology Opportunity Program be expanded.

In 2008 Congress passed the Broadband Data Improvement Act (Act). Part of the Act directed the Secretary of Commerce to make competitive grants available to states to support identification and tracking of availability and adoption of broadband services. Any competitive grants awarded would require a 20 percent match of nonfederal funding.

The Act also required the Federal Communications Commission (FCC) to provide eligible entities with electronic access to aggregate data collected by the FCC from broadband service providers. "Eligible entity" is defined as an entity that is (1) either a state agency or instrumentality of the state, a nonprofit organization, or certain independent agencies; and (2) the single eligible entity designated by the state to receive such a grant.

Summary of Bill (Recommended Amendments): The Broadband Mapping Account is established in the State Treasury. DIS is the single eligible entity in the state for purposes of the federal Broadband Data Improvement Act.

DIS may conduct a survey of high-speed internet owned or leased by state agencies and create a geographic information system map of state controlled high-speed internet infrastructure. DIS is authorized to conduct a competitive bidding process to procure a geographic information system map of high-speed internet infrastructure, service availability, and adoption based on publicly available data. DIS may procure this map by purchasing a completed map from a third party or working directly with the Federal Communications Commission to accept publicly available data. In carrying out mapping activities, federal trade secrets and privacy protections apply. Private information is to remain private and public information is to remain public.

DIS may report on priority areas for broadband deployment and federal and private funding.

The Community Technology Opportunity program is to be administered by the Department of Information Services. The Washington Community Technology Opportunity Account may provide funds to match federal and other grants and may be used to fund broadband adoption and deployment activities.

The Governor may carry out the purposes of the American Recovery and Reinvestment Act of 2009, and maximize investment in broadband deployment and adoption. The authority for overseeing broadband adoption and deployment efforts in the state is vested in DIS. DIS may apply for federal and other funds and oversee implementation of broadband programs.

The work group may be reconvened, subject to the availability of funds, and is renamed the Advisory Council on Digital Inclusion. The council is to report by January 15 of each year on (1) how a variety of high-speed internet access alternatives could be established; (2) strategies for continued broadband deployment and adoption efforts and development of advanced telecommunications applications; (3) methods to maximize the state's capacity for development of advanced telecommunications applications and methods to stimulate demand for them; (4) barriers to the advancement of technology entrepreneurship; and (5) the performance of digital literacy and computer access programs.

EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (Recommended Amendments): The striking amendment removes the provisions for a business and occupation tax credit for companies that contribute to the Community Technology Opportunity Account and for the diversion of revenues from leasehold excise taxes paid by telecommunications firms.

EFFECT OF CHANGES MADE BY ECONOMIC DEVELOPMENT, TRADE & INNOVATION COMMITTEE (Recommended Amendments): The striking amendment provides greater detail than the engrossed second substitute bill regarding broadband mapping, deployment and adoption strategies. It establishes the Broadband Mapping Account and amends the uses to which the Washington Community Technology Opportunity Account can be put. In addition, the amendment provides that the Community Technology Opportunity program is to be administered by the Department of Information Services.

The amendment also provides that telecommunications companies making contributions to the account are eligible for a 50 percent credit against their state business and occupation taxes.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Engrossed Second Substitute House Bill (Economic Development, Trade & Innovation): PRO: The internet creates new businesses and jobs. A number of communities are not served well. This deals with the state side; we should map out where our stuff is. The bill allows federal funds to come in. Designating DIS as the state agency is the right way to go. The mapping provision is a priority; it is a significant first step to identify gaps in broadband in underserved areas. We would like data that is more granular. Proprietary information needs to be protected. Future plans need to be protected. There should be consideration of the uptake rate in low-income areas.

Persons Testifying (Economic Development, Trade & Innovation): PRO: Representative Hudgins, prime sponsor; David Keyes, Genesee Adkins, city of Seattle; Ron Main, Broadband Cable Association; Gail Love, Communication Workers of America.

Staff Summary of Public Testimony on SB 5916 (Ways & Means): PRO: This bill promotes access to high-speed internet services and the development of high skill, well paying jobs. The state is well positioned to take advantage of the federal funds available for broadband technology projects. This is a good bill that needs some adjustments to reduce the restrictiveness of the eligibility criteria for the Community Technology Opportunity Program grants and clarify the provisions related to leasehold excise taxes.

Persons Testifying (Ways & Means): PRO: Genesee Adkins, city of Seattle; Melissa Gombosky, Communication Workers of America.