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**SUBSTITUTE HOUSE BILL 1698**

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**State of Washington**

**61st Legislature**

**2009 Regular Session**

**By** House Technology, Energy & Communications (originally sponsored by Representatives Hudgins and McCoy)

READ FIRST TIME 03/02/09.

1       AN ACT Relating to broadband adoption and deployment; adding a new  
2 section to chapter 82.04 RCW; adding a new section to chapter 82.29A  
3 RCW; and adding a new chapter to Title 43 RCW.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5       NEW SECTION.   **Sec. 1.**   The legislature finds and declares the  
6 following:

7       (1) The deployment and adoption of high-speed internet services and  
8 technology advancements enhances economic development and public safety  
9 for the state's communities, as well as offering improved health care  
10 and access to consumer and legal services, increased educational and  
11 civic participation opportunities, and a better quality of life for the  
12 state's residents.

13       (2) Improvements in the deployment and adoption of high-speed  
14 internet services and the strategic inclusion of technology  
15 advancements and technology education are critical to ensuring that  
16 Washington remains competitive and continues to provide a skilled  
17 workforce, attract businesses, and stimulate job growth.

18       (3) The state must encourage and support strategic partnerships of  
19 public, private, nonprofit, and community-based sectors in the

1 continued growth and development of high-speed internet services and  
2 information technology for state residents and businesses. This  
3 includes ensuring: Digital inclusion in access; literacy and content;  
4 and that all Washingtonians are able to obtain and utilize broadband  
5 fully, regardless of location, economic status, literacy level, age,  
6 disability, or the size of the business or nonprofit organization.

7 (4) In light of the importance of broadband deployment and adoption  
8 to the economy, health, safety, and welfare of the people of  
9 Washington, it is essential the legislature create a broadband programs  
10 management structure and volunteer council capable of developing and  
11 ensuring the implementation of statewide broadband strategies.

12 NEW SECTION. **Sec. 2.** The definitions in this section apply  
13 throughout this chapter unless the context clearly requires otherwise.

14 (1) "Authority" means the broadband adoption and deployment  
15 authority created in section 3 of this act.

16 (2) "Community technology programs" means programs that are engaged  
17 in diffusing information and communications technology in local  
18 communities, particularly in underserved areas. These programs may  
19 include, but are not limited to, programs that provide education and  
20 skill-building opportunities, hardware and software, internet  
21 connectivity, and development of locally relevant content and delivery  
22 of vital services through technology. Community technology programs  
23 are usually provided by nonprofit or public agencies in public  
24 community settings. These include youth and community centers, small  
25 business and workforce training centers, mutual assistance associations  
26 and settlement houses, low-income housing, libraries, or schools opened  
27 for community programs.

28 (3) "Council" means the volunteer council on digital inclusion  
29 created in section 6 of this act.

30 (4) "Underserved areas" means areas in which the broadband speeds  
31 are less than seven hundred sixty eight kilobits download speed and two  
32 hundred kilobits per second upload speed.

33 NEW SECTION. **Sec. 3.** The broadband adoption and deployment  
34 authority is created within the department of information services.  
35 The authority may apply for and oversee implementation of federally

1 funded or mandated adoption programs and may adopt rules to administer  
2 these programs. These programs may include, but are not limited to,  
3 the following:

4 (1) Contracting for and purchasing a completed map which may  
5 include adoption information, availability information, types of  
6 deployment technology used, and available speed tiers for high-speed  
7 internet based on form 477 data collected by the federal communications  
8 commission;

9 (2) Tracking residential, nonprofit organizations and business  
10 adoption of high-speed internet, computers, and related information  
11 technology through publicly available sources;

12 (3) Working with communities to identify barriers to the adoption  
13 of broadband service and related information technology services by  
14 individuals, nonprofit organizations, and businesses;

15 (4) Identifying broadband demand opportunities in communities by  
16 working cooperatively with local organizations, government agencies,  
17 and businesses;

18 (5) Creating, implementing, and administering programs to improve  
19 computer ownership, technology literacy, and high-speed internet access  
20 for populations not currently served or underserved in the state, which  
21 may include programs to provide low-income families with reduced cost  
22 internet access or programs to provide low-cost internet access to  
23 nonprofit entities as suggested in the K-20 program;

24 (6) Creating additional programs to spur the development of high-  
25 speed internet resources in the state, which may include, but is not  
26 limited to:

27 (a) Soliciting funding in the form of grants or donations that may  
28 be deposited into the community technology opportunity account created  
29 in RCW 28B.32.030;

30 (b) Establishing technology literacy and digital inclusion programs  
31 and establishing low-cost hardware and software purchasing programs;

32 (c) Developing last-mile technology loan programs targeting small  
33 businesses or businesses located in underserved areas; and

34 (d) Including community technology organizations in state hardware  
35 and software purchasing programs;

36 (7) Administering the community technology opportunity program as  
37 defined in chapter 28B.32 RCW; and

1 (8) Establishing a matching grant program, subject to available  
2 funding, to encourage private and public telecommunications deployment  
3 in underserved areas or areas in which broadband speeds are below the  
4 current federal communication commission's definition of high-speed  
5 internet.

6 NEW SECTION. **Sec. 4.** A new section is added to chapter 82.04 RCW  
7 to read as follows:

8 (1) A telecommunications company shall be allowed a credit against  
9 taxes due under this chapter in an amount equal to fifty percent of  
10 contributions made in any fiscal year to the community technology  
11 opportunity account created in RCW 28B.32.030. The credit shall be  
12 taken in a form and manner as required by the department. The  
13 telecommunications company must make the contribution before claiming  
14 a credit authorized under this section. The credit under this section  
15 shall not exceed two hundred thousand dollars per fiscal year per  
16 telecommunications company. The credit may not exceed the tax that  
17 would otherwise be due under this chapter. Refunds shall not be  
18 granted in the place of credits.

19 (2) Except as provided under subsection (3) of this section, a tax  
20 credit claimed under this section may not be carried over to another  
21 year.

22 (3) Any amount of tax credit otherwise allowable under this section  
23 not claimed by a telecommunications company in any calendar year may be  
24 carried over and claimed against the tax liability for the next  
25 succeeding calendar year. Any credit remaining unused in the next  
26 succeeding calendar year may be carried forward and claimed against the  
27 tax liability for the second succeeding calendar year; and any credit  
28 not used in that second succeeding calendar year may be carried over  
29 and claimed against the tax liability for the third succeeding calendar  
30 year, but may not be carried over for any calendar year thereafter.

31 (4) Credits are available on a first in-time basis. The department  
32 shall disallow any credits, or portion thereof, that would cause the  
33 total amount of credits claimed under this section during any calendar  
34 year to exceed five hundred thousand dollars. The department shall  
35 provide written notice to any telecommunications company who has  
36 claimed tax credits in excess of the five hundred thousand dollar  
37 limitation in this subsection. The notice shall indicate the amount of

1 tax due and shall provide that the tax be paid within thirty days from  
2 the date of such notice. The department shall not assess penalties and  
3 interest as provided in chapter 82.32 RCW on the amount due in the  
4 initial notice if the amount due is paid by the due date specified in  
5 the notice, or any extension thereof.

6 (5) To claim a credit under this section, a telecommunications  
7 company must electronically file with the department all returns,  
8 forms, and any other information required by the department, in an  
9 electronic format as provided or approved by the department. Any  
10 return, form, or information required to be filed in an electronic  
11 format under this section is not filed until received by the department  
12 in an electronic format. As used in this subsection, "returns" has the  
13 same meaning as "return" in RCW 82.32.050.

14 (6) No application is necessary for the tax credit. The person  
15 must keep records necessary for the department to verify eligibility  
16 under this section.

17 (7) The department shall not allow any credit under this section  
18 before July 1, 2009.

19 (8) The right to earn tax credits under this section expires June  
20 30, 2018.

21 (9) For purposes of this section, "telecommunications company" has  
22 the same meaning as defined in RCW 80.04.010.

23 NEW SECTION. **Sec. 5.** A new section is added to chapter 82.29A RCW  
24 to read as follows:

25 Taxes collected under RCW 82.29A.030 from a telecommunications  
26 company, as defined in RCW 80.04.010, as a result of the company's  
27 leasehold interest in publicly owned property shall be deposited in the  
28 community technology opportunity account created in RCW 28B.32.030 and  
29 used to fund the community technology opportunity program under chapter  
30 28B.32 RCW.

31 NEW SECTION. **Sec. 6.** (1) The council on digital inclusion is  
32 created. The council must include, but is not limited to, volunteer  
33 representatives from community technology organizations,  
34 telecommunications providers, higher education, K-12 education, public  
35 health, public housing, and government entities that are engaged in  
36 community technology activities.

1 (2) The council shall:

2 (a) Undertake a thorough review of grant programs available through  
3 the federal government, local agencies, telecommunications providers,  
4 and business and charitable entities for the purposes of identifying  
5 appropriate sources of revenues for the community technology  
6 opportunity account created in RCW 28B.32.030;

7 (b) Analyze how support from public and private sector  
8 partnerships, the philanthropic community, and other not-for-profit  
9 organizations in the community, along with strong relationships with  
10 the state board of education and higher education institutions, will  
11 build a sustainable infrastructure that provides a variety of access  
12 alternatives for citizens;

13 (c) Plan for long-term sustainability of broadband deployment and  
14 adoption, including an expansion of the minimally acceptable download  
15 and upload speeds;

16 (d) Develop digital inclusion strategies and programs as long-term  
17 integrated components of the state and local community's efforts to  
18 meet economic, health care, legal, consumer, civic participation,  
19 environmental, and educational goals;

20 (e) Recommend strategies that maximize the research and development  
21 at universities and the private sector;

22 (f) Identify regulatory barriers to the advancement of technology  
23 entrepreneurship in the state of Washington and recommend incentives  
24 that stimulate the demand for and development of these applications and  
25 services;

26 (g) Research, catalog, and evaluate programs designed to advance  
27 digital literacy and computer access that are available through the  
28 federal government, local agencies, telecommunications providers, and  
29 business and charitable entities and attempt to update available  
30 programs on a regular basis; and

31 (h) Present the information compiled under this section to the  
32 authority, which will serve as the single point of contact for applying  
33 for funding from the community technology opportunity account created  
34 in RCW 28B.32.030 and for distributing information to the public  
35 regarding all programs designed to advance digital literacy and  
36 computer access.

1        NEW SECTION.    **Sec. 7.**    If any part of this act is found to be in  
2 conflict with federal requirements that are a prescribed condition to  
3 the allocation of federal funds to the state, the conflicting part of  
4 this act is inoperative solely to the extent of the conflict and with  
5 respect to the agencies directly affected, and this finding does not  
6 affect the operation of the remainder of this act in its application to  
7 the agencies concerned. Rules adopted under this act must meet federal  
8 requirements that are a necessary condition to the receipt of federal  
9 funds by the state.

10        NEW SECTION.    **Sec. 8.**    Sections 1 through 3, 6, and 7 of this act  
11 constitute a new chapter in Title 43 RCW.

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