

SENATE BILL REPORT

SB 5586

As of January 6, 2022

Title: An act relating to the authority of the community economic revitalization board with respect to loans and grants to political subdivisions and federally recognized Indian tribes for broadband.

Brief Description: Concerning the authority of the community economic revitalization board.

Sponsors: Senator Frockt.

Brief History:

Committee Activity: Business, Financial Services & Trade: 1/11/22.

Brief Summary of Bill

- Establishes an appropriated loan and grant program for financing broadband infrastructure projects under the authority of the Community Economic Revitalization Board.

SENATE COMMITTEE ON BUSINESS, FINANCIAL SERVICES & TRADE

Staff: Kellee Gunn

Background: Community Economic Revitalization Board. The Community Economic Revitalization Board (CERB) was formed in 1982 to respond to local economic development in Washington communities. CERB provides funding in the form of low-interest loans and grants to local governments and federally recognized tribes for public infrastructure projects supporting private sector development.

CERB consists of 20 members, four of which are state legislators, representing private and public sectors from across the state. CERB sets policy and selects projects to receive financing assistance. The Department of Commerce provides administrative support.

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

Community Economic Revitalization Board Rural Broadband Program. In 2018, the Legislature provided \$10 million to CERB to administer grants and loans for infrastructure for high-speed, open-access broadband service with a minimum of 25 megabits per second download speed in rural and underserved counties and communities for the purpose of economic development or community development. The following biennium, the 2019-2021 capital budget provided \$3.45 million to continue broadband projects funded from the 2017–2019 appropriations. Most recently, the 2021 capital budget provided \$25 million to CERB to finance projects to provide high speed, open access broadband to rural and underserved communities.

Besides the requirement that the project be in a rural and underserved community, the loan is limited to \$2 million per project. Grants are available up to 50 percent of the total award, determined by the underwriting process and debt service coverage ratio.

Rural Broadband Program projects cannot result in retail development; gambling; job displacement from one part of the state to another; be located outside the jurisdiction of the applicant; the deployment of publicly owned telecommunication network infrastructure solely for its sake; or for certain equipment or facilities which the entity is not currently authorized by statute to provide.

Summary of Bill: An appropriated loan and grant program is created under the authority of CERB for financing broadband infrastructure projects.

Local governments and federally recognized tribes may apply to CERB for financing to build infrastructure for high speed, open-access broadband service. To qualify for financing, a project's purpose must be economic or community development. Each application must be approved by the local government and supported by the local associate development organization, the local workforce council, or by the governing body of the federally recognized tribe before being considered. Grants cannot make up more than 50 percent of the award.

Approved projects for CERB's broadband infrastructure program must:

- drive job creation, promote innovation, and expand markets for local businesses; or
- serve the ongoing and growing needs of local education systems, public safety systems, industries, businesses, government operations, and citizens.

Projects will not be approved if they promote or facilitate gambling and the deployment of a publicly owned telecommunications infrastructure network, or backbone, solely for the sake of creating a competitive, publicly owned telecommunications infrastructure network.

When evaluating and prioritizing each project, CERB must consider the following:

- value to the community, including evidence of support from affected local business and government;
- feasibility;

- commitment of local matching resources and participation;
- whether a technology-neutral approach is used to expand access at the lowest cost;
- inclusion in a capital facilities plan, comprehensive plan, or local economic development plan consistent with applicable state planning requirements; and
- readiness to proceed.

Every local government and federally recognized tribe seeking financial assistance must demonstrate that no other timely source of funding is available at similar cost.

Appropriation: None.

Fiscal Note: Requested on January 4, 2022.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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