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**Technology, Energy & Communications  
Committee**

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**HB 1698**

**Brief Description:** Creating a state broadband adoption and deployment authority.

**Sponsors:** Representatives Hudgins and McCoy.

**Brief Summary of Bill**

- Creates the Broadband Adoption and Deployment Authority and the Digital Inclusion Council
- Creates the Digital Inclusion Account (Account)
- Provides a B&O tax credit for 50 percent of contributions made by telecommunications companies to the Account.
- Directs that certain leasehold excise taxes paid by telecommunications companies must be deposited into the Account.

**Hearing Date:** 2/4/09

**Staff:** Kara Durbin (786-7133)

**Background:**

**Federal Broadband Efforts**

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 non-federal 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

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instrumentality of the state, a non-profit organization, or certain independent agencies; and (2) the single eligible entity designated by the state to receive such a grant.

While the Act provided authorization for funding, no funds have been appropriated by the federal government to implement the Act.

### **State Broadband Efforts**

In 2008, the Legislature directed the Department of Information Services (DIS) to convene a work group to identify and develop strategies for high-speed internet deployment and adoption. The DIS established the High-Speed Internet Strategy Work Group (Work Group) in June of 2008, which included representatives from government, community, education, business, non-profit, economic development, health care, technology, union, public utility, and service provider interests. The Work Group met seven times between July of 2008 and November of 2008. It issued its final report to the Legislature on December 1, 2008.

In its report, the DIS, in concurrence with the Work Group, made the following recommendations:

1. *Defining High-Speed Internet Service:* The state should adopt a definition of "high-speed internet service" that is consistent with the Federal Communications Commission's (FCC's) broadband speed tiers in the upload and download direction, except for the bottom tier. High-speed internet should also be defined by the applications it can enable.
2. *Mapping:* The state should consider mapping at the census tract level, rather than the census block level. The map should be produced by a third-party entity to ensure the confidentiality of proprietary and competitively sensitive data. The map should provide adoption information, availability information, the technology used, and available speed tiers. The map should provide a link to the service provider's web site to provide pricing data. An interactive, web-based map also should be available to allow queries and inputs from consumers.
3. *Local Technology Teams:* The DIS should coordinate Local Technology Planning Teams (LTPTs) and assist the LTPTs in conducting local needs assessments, developing and implementing strategic plans, and identifying funding sources.
4. *Spurring Development:* The state should conduct several initiatives to spur the development of high-speed internet in the state, which may include expanding the Community Technology Opportunities Program, soliciting funding sources, and establishing low-cost hardware and software programs.
5. *Benchmarks:* The DIS should oversee tracking of residential, business, and statewide high-speed internet adoption. A variety of metrics and benchmarks should be used to measure the success of the state's high-speed internet deployment and adoption strategy.

The final report also recommended that legislation be introduced to: (1) authorize the DIS coordinate implementation of the high-speed internet deployment and adoption strategy, as outlined in the report; and (2) provide initial funding to support implementation.

## **Summary of Bill:**

The Broadband Adoption and Deployment Authority (Authority) is created with the following powers and duties:

- to implement federally funded and mandated broadband programs;
- to develop geographic information system (GIS) maps and inventories of high-speed internet infrastructure;
- to address management of proprietary and competitive sensitive data related to mapping of telecommunications infrastructure;
- to track residential and business adoption of high-speed internet, computers, and related information technology;
- to identify barriers to broadband adoption;
- to monitor and track prices and service quality for broadband;
- to create programs to improve computer ownership, technology literacy, and high-speed internet access for unserved populations;
- to administer community technology opportunities programs;
- to spur the development of high-speed internet resources in the state;
- to establish a matching grant program to encourage telecommunications deployment in unserved areas; and
- to study the feasibility of creating a state universal service fund to provide funding for broadband.

The Digital Inclusion Account (Account) is created in the state treasury.

A B&O tax credit is allowed for telecommunications companies equal to 50 percent of any contributions made to the Account. The credit cannot exceed \$200,000 per fiscal year per telecommunication company. Any unclaimed B&O tax credit for contributions made to the Account may be carried over for 3 years. This B&O tax credit expires June 30, 2018.

Leasehold taxes collected from a telecommunications company as a result of the company's leasehold interest in publicly owned property must be deposited in the Account.

The Council on Digital Inclusion (Council) is created with the following duties:

- to review available grant programs and identify appropriate sources of revenue for the Account;
- to explore using the state's buying power to secure a discount on technology purchases;
- to analyze how support from the public and private sector, the philanthropic community, and other not-for-profit organizations can build a sustainable infrastructure with a variety of access alternatives for citizens;
- to plan for long-term sustainability of digital inclusion initiatives;
- to research and catalog existing programs that can advance digital literacy and computer access; and
- to present any information compiled by the Council to the Authority.

**Appropriation:** None.

**Fiscal Note:** Requested on January 29, 2009.

**Effective Date:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.