

# HOUSE BILL REPORT

## HB 1698

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**As Reported by House Committee On:**  
Technology, Energy & Communications

**Title:** An act relating to broadband adoption and deployment.

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

**Sponsors:** Representatives Hudgins and McCoy.

**Brief History:**

**Committee Activity:**

Technology, Energy & Communications: 2/4/09, 2/12/09 [DPS].

**Brief Summary of Substitute Bill**

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

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### HOUSE COMMITTEE ON TECHNOLOGY, ENERGY & COMMUNICATIONS

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 16 members: Representatives McCoy, Chair; Eddy, Vice Chair; Crouse, Ranking Minority Member; Haler, Assistant Ranking Minority Member; Carlyle, Condotta, Finn, Hasegawa, Herrera, Hinkle, Hudgins, Jacks, McCune, Morris, Takko and Van De Wege.

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

**Background:**

Federal Broadband Efforts.

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*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.*

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 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 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 to coordinate implementation of the high-speed internet deployment and adoption strategy, as outlined in the report; and (2) provide initial funding to support implementation.

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### **Summary of Substitute Bill:**

The Broadband Adoption and Deployment Authority (Authority) is created within the Department of Information Services (DIS). The Authority may oversee implementation of federally funded broadband programs, which may include:

- contracting for a completed high-speed internet map;
- tracking residential and business adoption of high-speed internet, computers, and related information technology;
- identifying barriers to broadband adoption; and
- creating programs to improve computer ownership, technology literacy, and high-speed internet access for unserved populations.

A business and occupation (B&O) tax credit is allowed for telecommunications companies equal to 50 percent of any contributions made to the Community Technology Opportunity Account (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 three 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 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.

### **Substitute Bill Compared to Original Bill:**

The substitute bill specifies that the Broadband Adoption and Deployment Authority is housed within the Department of Information Services. It removes the Digital Inclusion Account, and it specifies that membership on the Council on Digital Inclusion is voluntary.

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**Appropriation:** None.

**Fiscal Note:** Available.

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

**Staff Summary of Public Testimony:**

(In support) The goal is to bring forward and implement the recommendations of the High Speed Internet Strategy Work Group without it costing the state very much money. The state needs to position itself to be ready to receive federal funding

Broadband is of critical value to all parts of our state – rural and urban. Jobs, business, education, and health care can be more efficiently distributed by government with broadband.

The federal economic stimulus package has included \$350 million for mapping, infrastructure and other efforts. This funding, if approved, could support a multi-year broadband effort in our state.

The purpose of having a voluntary council is to continue the work of the High Speed Internet Strategy Work Group and the work of the Council on Digital Inclusion. It is important to direct federal dollars to the Community Technology Opportunity Program, which is housed at Washington State University right now. We want to position that program to qualify for additional funding. Broadband deployment and adoption programs should all be housed at one place: the Department of Information Services (DIS). The take rate is often a function of being able to afford the monthly fee.

(In support with concerns) The High Speed Internet Strategy Work Group was an excellent start in moving the state forward on broadband. The Governor agrees that the DIS should be the lead agency on this issue, and as long as DIS has the budget authority to proceed with these tasks, the board or authority may be more symbolic than anything else. The tax incentives may drive up the fiscal note and may not be the appropriate incentive for the telecommunications companies to make these investments.

It is important to work with community groups in which there is no broadband provider to identify opportunities where broadband would increase take rates. Some areas are very expensive to serve.

(With concerns) We need to watch closely what the federal government does with the stimulus package. We can work out the details as we go forward. The map should be meaningful so that we get broadband deployment at the right speed.

(Opposed) None.

**Persons Testifying:** (In support) Representative Hudgins, prime sponsor; Michael Briggs, Northwest Telecommunications; Alison McCaffree, NPower Seattle; Gail Love, Communications Workers of America; Wilson Bull, Puget Sound Center for Teaching, Learning, and Technology; Betty Buckley, Communities Connect Network; and Bruce McGregor and Chris Tugwell, YMCA.

(In support with concerns) Ron Main, Broadband Cable Association; Mary Taylor, CenturyTel; and Steve Gano, AT&T.

(With concerns) Tom Walker, Qwest; and Vicki Austin, Washington Public Utility Districts Association.

(Opposed) None.

**Persons Signed In To Testify But Not Testifying:** (In support) Slimeer Singla, Verizon Northwest.