

# HOUSE BILL REPORT

## SSB 5600

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**As Reported by House Committee On:**

Innovation, Community & Economic Development, & Veterans

**Title:** An act relating to extending the expiration date for the state universal communications services program.

**Brief Description:** Extending the expiration date for the state universal communications services program.

**Sponsors:** Senate Committee on Environment, Energy & Technology (originally sponsored by Senators Wellman, Braun, Lovick, Schoesler and Short).

**Brief History:**

**Committee Activity:**

Innovation, Community & Economic Development, & Veterans: 3/17/23, 3/21/23 [DPA].

**Brief Summary of Substitute Bill  
(As Amended By Committee)**

- Extends the expiration date of the state Universal Communications Services Program by ten years, to June 30, 2034.

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**HOUSE COMMITTEE ON INNOVATION, COMMUNITY & ECONOMIC  
DEVELOPMENT, & VETERANS**

**Majority Report:** Do pass as amended. Signed by 15 members: Representatives Ryu, Chair; Donaghy, Vice Chair; Rule, Vice Chair; Volz, Ranking Minority Member; Barnard, Assistant Ranking Minority Member; Chambers, Christian, Corry, Cortes, Paul, Senn, Shavers, Street, Waters and Ybarra.

**Staff:** Emily Poole (786-7106).

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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 part of the legislation nor does it constitute a statement of legislative intent.*

## **Background:**

The State Universal Communications Services Program (Program) was established in 2014 to provide temporary support to Washington's smaller incumbent telephone companies. The Program originally expired in 2019, but was extended and now expires June 30, 2024.

The Program supports continued provision of basic telecommunication services under rates, terms, and conditions established by the Utilities and Transportation Commission (UTC) and the provision, enhancement, and maintenance of broadband services. Under the Program, eligible communications providers may receive distributions from the Program in exchange for an agreement to provide continued telecommunications services under the rates, terms, and conditions established by the UTC, and broadband services, for the period covered by the distribution.

A communications provider is eligible to receive distributions from the Program if:

- the provider is an incumbent local exchange carrier and has fewer than 40,000 lines in the state or is a radio communications service company providing wireless two-way voice communications service and broadband services to less than the equivalent of 40,000 access lines in the state;
- the provider has adopted a plan to provide, enhance, or maintain broadband services in its service area; and
- the provider meets any other criteria established by the UTC.

A communications provider other than a provider meeting the criteria above is eligible to receive distributions from the Program if the provider:

- demonstrates to the UTC that the provider is able to provide the same or comparable services at the same or similar service quality standards at a lower price;
- will provide communications services to all customers in the exchange or exchanges in which it will provide service; and
- submits to the UTC's regulation of its service as if it were the incumbent local exchange company serving the exchange or exchanges for which it seeks distribution from the account.

To receive a distribution from the Program, the eligible communications provider must affirmatively consent to continue providing services to its customers under rates, terms, and conditions established by the UTC for the period covered by the distribution. Distribution amounts to eligible communications providers are based on criteria established by the UTC.

Expenditures from the Program may not exceed \$5 million per fiscal year. If less than \$5 million is expended in any fiscal year, the unexpended portion must be carried over to subsequent fiscal years and be available for program expenditures in subsequent fiscal years in addition to the \$5 million allotted for each of the subsequent fiscal years. The Program is funded from amounts deposited by the Legislature into the Universal Communications

Services Account. The UTC must operate the Program within amounts appropriated.

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**Summary of Amended Bill:**

The termination date of the Program is changed from June 30, 2024, to June 30, 2034.

The UTC must review rules adopted to implement the Program no less than every five years.

A communications provider is eligible to receive distributions from the Program if, in addition to other criteria, the provider has adopted a plan to provide, enhance, and maintain broadband services in its service area.

**Amended Bill Compared to Substitute Bill:**

The amended bill requires a communications provider to have adopted a plan to provide, enhance, and maintain broadband services, instead of a plan to provide, enhance, or maintain broadband services, among other criteria, in order to be eligible for distributions. The amended bill also requires the UTC to review rules adopted to implement the Program no less than every five years and makes a technical correction to one instance of the termination date of the Program.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Amended 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) This bill extends the expiration date of the Program. The Program was created about 10 years ago to expand and protect services provided by companies with fewer than 40,000 lines. Both public and private communications providers are eligible to benefit from the Program. The companies that benefit from this Program are required to serve all end users in their areas under "carrier of last resort" requirements, which sets a burden on them. The companies that are eligible for the Program are small companies with low profit margins, but they are a critical supplier of broadband services. The Program is a critical part of these companies' long-term planning for broadband deployment. State broadband laws require that broadband services meet certain speed standards, which generally means fiber. An increased number of broadband users and heavier broadband traffic requires

updates to broadband infrastructure and significant investment. Broadband availability enables essential services like education and healthcare, and this Program helps extend broadband in rural areas. The areas served by this Program are not being served by many of the larger companies, which do not find it cost effective to extend services to small numbers of homes. There is oversight from the UTC, which ensures that money is efficiently spent. Extending broadband services to rural areas is an equity issue. Rural areas should have the same broadband availability as urban areas.

(Opposed) None.

**Persons Testifying:** Senator Lisa Wellman, prime sponsor; Mike Oblizalo, Hood Canal Communications; and Betty Buckley, Washington Independent Telecommunications Association.

**Persons Signed In To Testify But Not Testifying:** None.