

SENATE BILL REPORT

HB 1982

As Reported by Senate Committee On:
Business, Financial Services, Gaming & Trade, February 20, 2024
Ways & Means, February 26, 2024

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 with respect to loans and grants to political subdivisions and federally recognized Indian tribes for broadband.

Sponsors: Representatives Waters, Shavers, Ryu, Couture, Ramos, McClintock, Callan, Cheney, Doglio, Sandlin, Paul, Harris, Berg, Tharinger, Riccelli and Santos.

Brief History: Passed House: 2/8/24, 97-0.

Committee Activity: Business, Financial Services, Gaming & Trade: 2/15/24, 2/20/24 [DP-WM].
Ways & Means: 2/23/24, 2/26/24 [DP].

Brief Summary of Bill

- Authorizes the Community Economic Revitalization Board to make broadband loans and grants to governmental entities in rural and underserved areas for the purpose of economic or community development.

SENATE COMMITTEE ON BUSINESS, FINANCIAL SERVICES, GAMING & TRADE

Majority Report: Do pass and be referred to Committee on Ways & Means.

Signed by Senators Stanford, Chair; Frame, Vice Chair; Dozier, Ranking Member; Boehnke, Gildon, Hasegawa, Lovick, MacEwen and Mullet.

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.

Staff: Kellee Gunn (786-7429)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Robinson, Chair; Mullet, Vice Chair, Capital; Nguyen, Vice Chair, Operating; Wilson, L., Ranking Member, Operating; Gildon, Assistant Ranking Member, Operating; Schoesler, Ranking Member, Capital; Rivers, Assistant Ranking Member, Capital; Billig, Boehnke, Braun, Conway, Dhingra, Hasegawa, Hunt, Keiser, Muzzall, Pedersen, Randall, Saldaña, Torres, Van De Wege, Wagoner and Wellman.

Staff: Michael Bezanson (786-7449)

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.

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. Since 2018 CERB has received a total of a little over \$38 million in capital budget appropriations for these broadband projects, with most of the funding coming from federal funds.

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.

The 2018 capital budget program language established certain limitations on what the program could fund. It could not fund projects:

- whose primary purpose is retail development or to facilitate gambling;
- resulting in job displacement from one part of the state to another;
- located outside the jurisdiction of the applicant;
- the deployment of publicly owned telecommunication network infrastructure, or "backbone", solely for its sake; or
- certain equipment or facilities which the entity is not currently authorized by statute to provide.

Summary of Bill: CERB is authorized to make rural broadband loans and grants to local governments and to federally recognized Indian tribes in rural and underserved areas for the purpose of economic or community development.

Applications for funding must be made in the form and manner determined by CERB. The board may provide financial assistance for projects located in a rural community, as defined by CERB, or located in a rural county, that encourage, foster, develop, and improve broadband within the state to:

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

When evaluating and prioritizing projects, CERB must consider:

- the project's value to the community;
- the project's feasibility;
- commitment of local matching resources and participation;
- use of a technology neutral approach to expand access at the lowest cost;
- inclusion in a capital facilities plan, comprehensive plan, or local economic development plan consistent with state planning requirements; and
- the project's readiness.

All applications must be approved by the local government and supported by the local associate development organization or approved by the governing body of the federally recognized tribe. A reasonable official of the local government or the tribe must be present during CERB deliberations and provide information upon request. Before funding assistance may be approved, the local government or tribe must demonstrate that no other timely source of funding, at similar cost, is available.

CERB may allow de minimis general system improvements to be funded if they are critically important to the viability of the project.

No financial assistance shall go to:

- a project whose primary purpose is to facilitate or promote retail shopping;
- a project for the expansion or for the deployment of publicly owned telecommunications network infrastructure, or "backbone"; or
- solely for the sake of creating a competitive, publicly owned telecommunications network infrastructure.

Broadband is defined as a network of deployed telecommunications equipment and technologies necessary to provide high-speed internet access and other advanced telecommunications services.

Appropriation: None.

Fiscal Note: Available.

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

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

Staff Summary of Public Testimony (Business, Financial Services, Gaming & Trade):

PRO: I am from a rural county, Skamania, and CERB is an integral part of economic development for my local community. This bill codifies what CERB is already doing, investing in broadband with local governments and tribes. CERB supports this bill. In 2018, CERB was given the authority to run a loan and grant program for broadband projects across the state. CERB has invested millions of dollars in projects. In addition, CERB tracks the projects for 5 years after completion, tracking job and private investment data as a direct result of the CERB investment. We have firsthand experience with how difficult it is for these local government entities and tribes to take on federal grants and run these projects. The bill will make CERB's rural broadband program permanent. The state has goals to make everyone connected by 2028. CERB will help make this happen. Not every project is eligible for Broadband Equity, Access, and Deployment (BEAD) Program funding, and CERB can help with that.

Our Port has benefited from CERB's programs, and especially this broadband program. Prior to broadband, we had only wireless, unmaintained century link DSL, and service from a privately owned cable company that overnight closed. Because of this program, our Port has been able to bring broadband access to Dayton and outlying areas. This project finished December 21st. And since then, over half of the people in this community have already signed up for this. The Port owns this system, so it will not be suddenly shut down in the middle of the night. Before this, we had an annually operating budget of \$1 million. We now have a larger operating budget, of at least 10 percent, because of this CERB broadband program.

There is no additional funding or staffing with this bill. This will codify the current program, and provides an option for communities that do not qualify for BEAD funding.

Persons Testifying (Business, Financial Services, Gaming & Trade): PRO: Representative Kevin Waters, Prime Sponsor; Jennie Dickinson, Port of Columbia; David Ripp, Port of Camas-Washougal; Ariane Schmidt, Broadline; Wendy Smith, Port of Shelton / Community Economic Revitalization Board (CERB); Janea Stark, CERB - Community Economic Revitalization Board; Mike Mason, CERB - Community Economic Revitalization Board.

Persons Signed In To Testify But Not Testifying (Business, Financial Services, Gaming & Trade): No one.

Staff Summary of Public Testimony (Ways & Means): PRO: This bill will make the

CERB Rural Broadband program permanent. It will no longer be dependent on separate capital appropriations and can be administered within current staffing levels. The state will need every tool available to meet the goal of having everyone connected by 2028. CERB is designed to meet local communities where they are at in supporting them with projects to get them where they want to be. Not every project will be available for funding and not every community will have resources available. CERB has a proven track record of helping communities and can help them bridge that gap.

In 2018 the Legislature funded CERB to provide broadband in rural communities. CERB has taken this duty seriously. CERB has been a partner in helping communities apply for projects and obtain funding, which has ensured the success of projects across the state. CERB has administered federal broadband funding since 2021. Federal funding is cumbersome for underserved communities—it is the most expensive free money out there. Small communities would not be able to access these funds without assistance.

Persons Testifying (Ways & Means): PRO: Michael Echanove, CERB - Community Economic Revitalization Board; Janea Stark, CERB - Community Economic Revitalization Board.

Persons Signed In To Testify But Not Testifying (Ways & Means): No one.