HOUSE BILL REPORT
E2SSB 6438

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

Title: An act relating to a statewide high-speed internet deployment and adoption initiative.

Brief Description: Coordinating the development of a statewide high-speed internet deployment and adoption initiative.

Sponsors: Senate Committee on Ways & Means (originally sponsored by Senators Kohl-Welles, Rockefeller, Oemig, Honeyford, Murray, Delvin and Pridemore).

Brief History:
Committee Activity:
Technology, Energy & Communications: 2/26/08, 2/27/08 [DPA].

Brief Summary of Engrossed Second Substitute Bill
(As Amended by House Committee)

- Requires the Department of Information Services (DIS), in coordination with the Department of Community, Trade and Economic Development and the Utilities and Transportation Commission, to convene a work group to develop a high-speed internet deployment and adoption strategy by December 1, 2008.
- Requires the DIS to publish a web directory of public facilities that provide community technology programs in the state by January 1, 2009.

HOUSE COMMITTEE ON TECHNOLOGY, ENERGY & COMMUNICATIONS

Majority Report: Do pass as amended. Signed by 10 members: Representatives McCoy, Chair; Eddy, Vice Chair; Crouse, Ranking Minority Member; McCune, Assistant Ranking Minority Member; Hankins, Hudgins, Kelley, Morris, Takko and Van De Wege.

Minority Report: Do not pass. Signed by 2 members: Representatives Ericksen and Herrera.

Staff: Kara Durbin (786-7133).

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.

Background:

In the Telecommunications Act of 1996 Congress directed the Federal Communications Commission (FCC) and state regulatory commissions to "encourage the deployment on a reasonable and timely basis of advanced telecommunications capability to all Americans."

The term "advanced telecommunications capability" is used by the FCC to describe services and facilities with an upstream (customer-to-provider) and downstream (provider-to-customer) transmission speed exceeding 200 kilobits per second (kbps). The FCC uses the term "high-speed" for those services with over 200 kbps capability in at least one direction.

The term "broadband service" generally refers to the high-speed transmission of electronic information. Several different types of technologies can be used to provide broadband service, including digital subscriber line (DSL), cable modem, satellite, remote DSL, broadband over power lines, wireless internet service providers, and Wi-Fi networks.

National Broadband Surveys: According to a 2006 survey by the U.S. Government Accountability Office (GAO), a variety of characteristics related to households and services influence whether consumers purchase broadband services. The GAO found that households with higher incomes were more likely to adopt broadband than lower-income households, and those households with a college-educated head of household were more likely to purchase broadband than those households headed by someone who did not graduate from college. While the GAO found that rural households are less likely to adopt broadband, their findings indicate that this difference may be related in part to the lower availability of broadband in rural areas. In addition, the GAO identified the price of broadband service as a barrier to adoption for some consumers.

State Study: The Utilities and Transportation Commission (UTC) received an appropriation of $160,000 in the 2007-2009 Operating Budget (Budget) to conduct a survey to "identify factors preventing the widespread availability and use of broadband technologies." Specifically, the Budget directed the UTC to collect and interpret reliable geographic, demographic, cultural, and telecommunications technology information to identify broadband disparities in the state. In conducting the study, the UTC must consult with appropriate stakeholders in designing the survey. The UTC was directed to report its findings to the Legislature by December 31, 2007.

Summary of Amended Bill:

The Department of Information Services (DIS), in coordination with the Department of Community, Trade and Economic Development (CTED) and the Utilities and Transportation Commission (UTC), must convene a work group to develop a comprehensive, statewide high-speed internet deployment and adoption strategy.

The DIS must invite representatives from the following organizations to participate:

- representatives of public, private, and non-profit organizations representing economic development, local community development, local government, community planning, technology planning, education, and health care;
- representatives of telecommunications providers, technology companies, telecommunications unions, public utilities, and relevant private sector entities;
- representatives of community-based organizations; and
- representatives of other relevant entities the DIS deems appropriate.

In developing the high-speed internet deployment and adoption strategy, the DIS must consider the following:
- how to create a detailed, geographic information system (GIS) map at the census block level of both publicly and privately owned or leased high-speed internet infrastructure;
- how to use the GIS map to identify the geographic gaps in high-speed internet services;
- how the state might create or utilize a non-profit organization to spur the development of high-speed internet resources in the state;
- how to track statewide residential and business adoption of high-speed internet, computers, and related information technology, including barriers to adoption;
- how to effectively build and facilitate local technology planning teams and use those teams to conduct a needs assessment, determine the type of technology, hardware, or software needed, and write a request for proposals to meet the community's needs;
- how to work collaboratively with high-speed internet providers and technology companies to encourage deployment; and
- how to establish low-cost programs to improve computer ownership, technology literacy, and high-speed internet services for disenfranchised or unserved populations.

By September 1, 2008, the DIS must provide a status update to the telecommunications committees in the Legislature.

By December 1, 2008, the DIS must report to the Legislature with recommendations on:
- benchmarks and performance measures needed to guide the development and implementation of a high-speed internet strategy, including a baseline assessment of the high-speed internet infrastructure owned by public and private entities in an 18-month period;
- ways to structure and appropriate phase development and implementation so as to leverage and otherwise synchronize with other relevant funding opportunities;
- a range of implementation options that would address the handling, storage, and use of proprietary and competitively sensitive data submitted by telecommunications or internet service providers, with consideration given to the potential of creating or using a non-profit organization to implement the high-speed internet strategy.

By January 1, 2009 the DIS must publish a web directory of public facilities that provide community technology programs in the state.

This act is not to be construed as giving the DIS or any other entity additional authority over providers of telecommunications and information technology.

A null and void clause is included. If the act becomes null and void, the DIS must include high-speed internet adoption and deployment in its 2009-2011 strategic plan.

Amended Bill Compared to Engrossed Second Substitute Bill:

Provisions related to implementation by a non-profit organization are removed. The time lines for the work group and the report are modified. Local governments and public utilities are included in the list of organizations that must be invited to participate in the work group. The DCTED and the UTC are specified in the bill as coordinating with the DIS on development of the strategy. The DIS is required to provide a status update by September 1, 2008, and a report by December 1, 2008. A null and void clause is added. If the act becomes null and void, the DIS is directed to include high-speed internet adoption and deployment in its 2009-2011 strategic plan.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended Bill: The bill takes effect 90 days after adjournment of session in which bill is passed. However sections 1 through 4 of the bill are null and void if not funded in the budget.

Staff Summary of Public Testimony:

(In support) This bill attempts to bridge the digital divide between those who have broadband access and those who do not. Broadband has been shown as a major driver of economic development. Our country has fallen to 15th in the world in terms of broadband penetration. It is surprising to learn that there is better and cheaper internet access in other countries. This bill is an important step towards mapping broadband, in order to figure out what areas of our state are unserved or underserved. We know that in areas that broadband is available, there is more economic growth in those communities.

It is important to our state's economy that we have a systematic and strategic approach towards broadband deployment. It is important that our state remain competitive and be able to increase the number of educational opportunities available.

(In support with concerns) We supported this bill in the version that passed the Senate, which provided certainty that any broadband effort would be implemented through a non-profit organization. While the striking amendment does look at how proprietary information will be handled, it does not provide the same level of certainty.

While the changes made in the striking amendment are appreciated, we will provide a few other language changes for your consideration. Proprietary information really can only be protected by a non-governmental entity, like the Connect Kentucky model.

(Opposed) None.

Persons Testifying: (In support) Senator Kohl-Welles, prime sponsor; and Marcus Courtney, WashTech and Communications Workers of America.

(In support with concerns) Johan Hellman, Verizon; and Mike Woodin, AT&T.

Persons Signed In To Testify But Not Testifying: None.