

SENATE BILL REPORT

SB 6438

As Reported By Senate Committee On:
Water, Energy & Telecommunications, February 05, 2008
Ways & Means, February 12, 2008

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

Brief Description: Creating a statewide high-speed internet deployment and adoption effort.

Sponsors: Senators Kohl-Welles, Rockefeller, Oemig, Honeyford, Murray, Delvin and Pridemore.

Brief History:

Committee Activity: Water, Energy & Telecommunications: 1/29/08, 2/05/08 [DPS-WM].
Ways & Means: 2/11/08, 2/12/08 [DP2S].

SENATE COMMITTEE ON WATER, ENERGY & TELECOMMUNICATIONS

Majority Report: That Substitute Senate Bill No. 6438 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Rockefeller, Chair; Murray, Vice Chair; Honeyford, Ranking Minority Member; Delvin, Fraser, Holmquist, Oemig, Pridemore and Regala.

Staff: Scott Boettcher (786-7416)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Second Substitute Senate Bill No. 6438 be substituted therefor, and the second substitute bill do pass.

Signed by Senators Fraser, Vice Chair, Capital Budget Chair; Pridemore, Vice Chair, Operating Budget; Zarelli, Ranking Minority Member; Brandland, Carrell, Hatfield, Hewitt, Hobbs, Honeyford, Keiser, Kohl-Welles, Oemig, Parlette, Rasmussen, Regala, Roach, Rockefeller, Schoesler and Tom.

Staff: Erik Sund (786-7454)

Background: "Broadband" and "broadband internet access" refer to the high-speed transmission of electronic information. The Federal Communications Commission defines "high-speed" as transmission in excess of 200 kilobits per second in at least one direction. The Organization for Economic Cooperation and Development (OECD) uses a figure of 256 kilobits per second. Several different technologies are used to provide broadband internet

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access, including: DSL, cable modem, satellite, remote DSL, broadband over power lines, wireless internet service providers, and Wi-Fi networks. Broadband internet access is typically contrasted with dial-up internet access (occurring over a modem) that is generally capable of up to 56 kilobits per second.

Broadband is increasingly seen as a key tool for education (e.g., distance learning), healthcare (e.g., telemedicine), service-delivery (e.g., on-line buying, selling, banking, account management, etc.), entertainment (e.g., music, games, movies, etc.), and government (e.g., information and education, reporting and filing, communication, etc.). Broadband is also looked to as a key tool for economic vitality. The OECD for example regards broadband internet access as an important economic indicator. In their June 2007 rankings, the OECD placed the U.S. at 15th with 22.1 internet subscribers per 100 inhabitants, while Denmark, Netherlands, Switzerland, Korea, Norway, and Iceland all had access rates in excess of 29 subscribers per 100 inhabitants.

According to a 2006 survey by the U.S. Government Accountability Office, households in rural areas are less likely to subscribe to broadband service than households in urban and suburban areas. The Pew Internet and American Life Project recently found that 24 percent of rural households had high-speed internet connections compared with 39 percent of urban and suburban households. Non-internet users as a group were additionally found to be of a disproportionate age (median age 59) and below the poverty level (25 percent had yearly household incomes under \$20,000).

The OECD has identified the following factors for assessing broadband markets: penetration, usage, coverage, prices, and services and speeds. Several states have recently established state-level broadband task forces, commissions, or authorities to evaluate such factors and provide a point for coordination, and leadership (e.g., CA, HI, KY, TN, MD, MO, NE, NY, VT, and VA).

In 2007 \$160,000 was appropriated to the Washington Utilities and Transportation Commission (UTC) to conduct a survey to "identify factors preventing the widespread availability and use of broadband technologies." The UTC was additionally directed to identify broadband disparities in the state and report its findings to the Legislature by December 31, 2007.

Summary of Bill (Recommended Second Substitute): Requires the Department of Information Services to work in partnership with the Department of Community, Trade and Economic Development and the Utilities and Transportation Commission to oversee and lead a comprehensive, statewide high-speed internet deployment and adoption effort with the following goals: (1) ensure all residents and businesses have access to affordable and reliable high-speed internet services; (2) achieve improved technology literacy, increased computer ownership, and high-speed internet use among state residents and businesses; (3) establish and empower local technology planning teams and partnerships to plan for improved technology use across multiple community sectors; and (4) establish and sustain an environment ripe for statewide telecommunications and technology investment, including solicitation and receipt of grants, loans, and other financial mechanisms.

After the UTC completes the broadband access study funded in the 2007 budget, the partnership led by the DIS is to convene an initial workgroup of representatives of public,

private, and nonprofit agencies and organizations representing economic development, local community development, community planning, technology planning, education, health care, and other relevant entities, as well as representatives of telecommunication providers, technology companies, telecommunications unions, community-based organizations, and other relevant private sector entities.

The partnership and initial work group are tasked with developing a high-speed internet service deployment and adoption strategy that will: create a geographic statewide inventory of high-speed internet availability and service gaps; allow for tracking and annual updating of statewide residential and business adoption and use rates for high-speed internet, computers, and related technology information; facilitate the creation of local technology planning teams to set goals and tactical business plans for improving technology use within identified sectors; include collaboration with high-speed internet providers and technology companies to encourage deployment and use; and establish programs to improve computer ownership and internet access for disenfranchised populations across the state.

The partnership and initial work group are to report to the Legislature by December 1, 2008, with findings and recommendations on: benchmarks and performance/accountability measures for the broadband deployment effort; strategic plan to guide development and implementation of the effort over time; budget and legislation to be considered by the 2009 Legislature; safeguards to protect proprietary and confidential information; a plan for completing baseline mapping of the state by June 1, 2010; and how the other tasks of the work group could be implemented.

The partnership may contract with other organizations to carry out the high-speed internet deployment and adoption effort. The partnership is to report to the Legislature again on December 1, 2009 and December 1, 2010. The Legislative mandate for the work group and partnership expires on June 30, 2011.

No later than January 1, 2009, the DIS, in consultation with the UTC and other relevant agencies, shall make available to the public a web directory of educational community technology programs of throughout the state.

EFFECT OF CHANGES MADE BY WAYS & MEANS COMMITTEE (Recommended Second Substitute): Delays the establishment of the work group until after the UTC has completed its 2007 study of barriers to widespread availability and use of broadband services. Requires the partnership and work group prepare a strategic plan to achieve the statewide deployment of high-speed internet services by December 1, 2008 rather than requiring that the components of the plan be in place by December 1, 2008. Requires the DIS to produce a public web directory of educational community technology programs of throughout the state. The web directory is not subject to the June 30, 2011 expiration date.

EFFECT OF CHANGES MADE BY WATER, ENERGY & TELECOMMUNICATIONS COMMITTEE (Recommended First Substitute): Makes a number of technical clarifying edits, e.g., adds community-based to section 1(1), adds community planning to section 1(3), changes "under-served" to "unserved," etc.

Broadens and clarifies scope of December 1, 2008, report to the Legislature. Report to provide the following:

- benchmarks and performance/accountability measures for the broadband deployment effort;
- strategic plan to guide development and implementation of the effort over time;
- budget and legislation to be considered by the 2009 Legislature;
- safeguards to protect proprietary and confidential information;
- plan for completing baseline mapping of the state by July 1, 2009; and
- plan to launch community teams across the state by July 1, 2009.

Directs that implementation of Section 1(4) tasks be described in the December 1, 2008, report to the Legislature regarding implementation of the statewide high-speed internet deployment and adoption effort.

Adds an expiration date of June 30, 2011.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony on Original Bill: (Water, Energy & Telecommunications) PRO: SB 6438 is necessary to building a comprehensive high-speed broadband network in Washington. Broadband is essential to the state and nation's future. The US is no longer the leader. Pew data show US falling to 15th (from 4th in 2001) in high-speed broadband availability and use. Korea, Singapore, and Japan are far ahead of the US. In Japan, 80 percent of households have broadband and downloading a movie can be as quick as five minutes (as compared with one hour in US). In Washington there is a significant digital divide with rural, lower income, and older citizens being the least served. Broadband can help those least served and provide better opportunities. High-speed internet can create jobs, bridge the digital divide, provide jobs in rural areas, and help rural communities and rural economies. Kentucky can be a model to learn from (ConnectKentucky generated \$500 million direct investment since inception in 2001). Need SB 6438 to stay competitive – for state residents and state businesses. A statewide effort will help business and trade internationally too. Leveraging K-20 network makes sense. Comprehensive mapping and demand analysis is an important next step. Improvements to bill should consider: (1) tightening vague language; (2) extend partnership to grass roots community centers; (3) ensuring independent third party to collect and hold proprietary data; (4) ensuring no arbitrary definition of broadband; and (5) focus on un-served (not underserved).

Persons Testifying (Water, Energy & Telecommunications): PRO: Senator Jeanne Kohl-Welles, prime sponsor; Marcus Courtney, Communication Workers of America; Lew McMurran, Washington Software Alliance; Tomas Corsini, Digital Promise; Johann Helman, Verizon; Rhonda Weaver, Comcast; Terry Stapelton, Washington Independent Telephone Association.

Staff Summary of Public Testimony on Recommended First Substitute (Ways & Means): PRO: At this time, only 50 percent of Washington have high-speed internet

service. This bill will lay the groundwork for the expansion of high-speed internet service across the state.

Persons Testifying (Ways & Means): PRO: Melissa Gombowski, Communications Workers of America.