

SENATE BILL REPORT

SB 5916

As of February 25, 2009

Title: An act relating to broadband adoption and deployment.

Brief Description: Authorizing the department of information services to engage in high-speed internet adoption, deployment, and digital inclusion activities.

Sponsors: Senators Kohl-Welles, Rockefeller, Kauffman, Pridemore, Keiser, Marr, Hatfield, Delvin, Honeyford, Schoesler and Hewitt.

Brief History:

Committee Activity: Economic Development, Trade & Innovation: 2/12/09, 2/18/09 [DPS-WM].

Ways & Means: 2/25/09.

SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, TRADE & INNOVATION

Majority Report: That Substitute Senate Bill No. 5916 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Kastama, Chair; Shin, Vice Chair; Zarelli, Ranking Minority Member; Delvin, Eide, Kilmer and McCaslin.

Staff: Jack Brummel (786-7428)

SENATE COMMITTEE ON WAYS & MEANS

Staff: Erik Sund (786-7454)

Background: The Legislature created the Community Technology Opportunity Program (the program) and the Community Technology Opportunity Account (the account) in 2008. The program is administered by the Washington State University Extension. The program administrator provides organizational, capacity building, and fund-raising support for community technology programs throughout the state. A minimum of 75 percent of program funds are to be distributed through a competitive grant program. The grants are to be used by community technology programs to provide training; assistance in use of information and communication technologies among low-income and underserved residents; and other information technology-related services. Funds in the account may only be used for the operation of the program.

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 the Department of Information Services (DIS) was directed to convene a High-Speed Internet Strategy Work Group (the work group) and work with it to develop a statewide High-Speed Internet Deployment and Adoption Strategy. The DIS and the work group released the strategy in December of 2008. Included in the strategy were recommendations that the program be expanded, that the state seek funding in the form of grants and donations from a variety of entities, and that the DIS be authorized to coordinate the entire deployment and adoption strategy.

Summary of Bill (Recommended Substitute): The program is to be administered by the DIS. The DIS is given authority to oversee broadband adoption and deployment efforts in the state and may apply for and oversee implementation of federally-funded or mandated broadband programs.

Telecommunications companies making contributions to the account are eligible for a 50 percent credit against their state business and occupation taxes. No company may receive in excess of \$200,000 in credit per year. The total amount of credits claimed during any year may not exceed \$500,000. Leasehold excise taxes paid by telecommunications companies are to be deposited in the account.

The work group is to be reconvened and renamed the Advisory Council on Digital Inclusion. The council is to report by January 15 on 1) how a variety of high-speed internet access alternatives could be established; 2) strategies for continued broadband deployment and adoption efforts and development of advanced telecommunications applications; 3) methods to maximize the state's capacity for development of advanced telecommunications applications and methods to stimulate demand for them; 4) barriers to the advancement of technology entrepreneurship; and 5) the performance of digital literacy and computer access programs.

EFFECT OF CHANGES MADE BY ECONOMIC DEVELOPMENT, TRADE & INNOVATION COMMITTEE (Recommended Substitute): A section was removed that would have repealed a statute protecting proprietary information.

Appropriation: None.

Fiscal Note: Requested on February 11, 2009

Committee/Commission/Task Force Created: No.

Effective Date: The bill contains an emergency clause and takes effect on July 1, 2009.

Staff Summary of Public Testimony (Economic Development, Trade & Innovation):
PRO: Broadband is a driver for economic development; it is fundamental to the digital products of the future. High-speed telecommunications means jobs. We need to expend a small amount of funds to procure a large amount of federal funds; this is the proper vehicle to take advantage of federal stimulus funds. When people can't afford access to the internet, they are at an economic disadvantage. This provides social and economic benefits in rural

communities. This bill will create synergies with other public programs for people with disabilities.

Persons Testifying (Economic Development, Trade & Innovation): PRO: Senator Kohl-Welles, prime sponsor; Betty Buckley, Community Connect Network; Michael Gaffney, WSU; Ron Main, Broadband Cable Association; Gail Love, Communications Workers of America; Dorine Cornwell, Chris Tugwell, Bruce McGregor, YMCA of Greater Seattle; Sumeer Singla, Verizon NW; Egils Milbergs, Washington Economic Development Commission; Mike Corsini, Validus Consulting.

Staff Summary of Public Testimony (Ways & Means): PRO: This bill promotes access to high-speed internet services and the development of high skill, well paying jobs. The state is well positioned to take advantage of the federal funds available for broadband technology projects. This is a good bill that needs some adjustments to reduce the restrictiveness of the eligibility criteria for the Community Technology Opportunity Program grants and clarify the provisions related to leasehold excise taxes.

Persons Testifying (Ways & Means): PRO: Genesee Adkins, city of Seattle; Melissa Gombosky, Communication Workers of America.