

HOUSE BILL REPORT

HB 1606

As Reported by House Committee On:
Innovation, Technology & Economic Development

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 Dye, Hudgins, Mosbrucker, Smith, Tarleton, Eslick, Appleton, Doglio and Frame.

Brief History:

Committee Activity:

Innovation, Technology & Economic Development: 1/30/19, 2/22/19 [DP].

Brief Summary of Bill

- Authorizes the Community Economic Revitalization Board to make broadband loans and grants to local governments and to federally recognized Indian tribes to finance infrastructure for high-speed, open-access broadband service.

HOUSE COMMITTEE ON INNOVATION, TECHNOLOGY & ECONOMIC DEVELOPMENT

Majority Report: Do pass. Signed by 8 members: Representatives Hudgins, Chair; Kloba, Vice Chair; Smith, Ranking Minority Member; Boehnke, Assistant Ranking Minority Member; Slatter, Tarleton, Van Werven and Wylie.

Staff: Kyle Raymond (786-7190).

Background:

Community Economic Revitalization Board.

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.

The Community Economic Revitalization Board (Board) provides financial assistance to local governments and federally recognized tribes for public infrastructure that encourages new business development and economic growth. The Department of Commerce provides administrative support for the Board.

The Board is authorized to make direct loans and grants to political subdivisions of the state and to federally recognized Indian tribes to finance public facilities. Eligible projects for Board financing include:

- development of land and improvements for public facilities;
- project-specific environmental, capital, land-use, permitting, feasibility, and marketing studies and plans;
- project design, site-planning, and analysis;
- project debt and revenue impact analysis; and
- construction, rehabilitation, alteration, expansion, or improvement of the facilities.

Rural Broadband Infrastructure Program.

The 2018 Supplemental Capital Budget created the Board-administered Broadband Infrastructure Program. The Legislature authorized the Board to provide low-interest loans and grants to local governments and federally recognized Indian tribes, in rural and underserved communities, to finance infrastructure for high-speed, open-access broadband service.

Summary of Bill:

The Legislature authorizes the Community Economic Revitalization Board (Board) to make broadband loans and grants to any Washington local government or federally recognized Indian tribes to finance infrastructure for high-speed, open-access broadband service.

The Board may provide financial assistance for broadband projects that support economic growth or serve the needs of local communities, which can include minor general system improvements critical to project viability. Each biennium, no more than 50 percent of all financial assistance approved by the Board may consist of grants.

The Board may not provide financial assistance for: (1) projects where gambling is the primary purpose; or (2) equipment or facilities that enable a public entity to provide retail telecommunications services or additional services the public entity is not authorized to provide.

When evaluating and prioritizing projects, the Board must consider: (1) the project's value to the community; (2) the project's feasibility; (3) the local commitment to matching funds and local participation; (4) the project's inclusion in other plans required by the state; and (5) the project's readiness to proceed.

Applications for financial assistance must be approved by: (1) the local government and supported by local development associations or local workforce development councils; or (2)

the governing body of the federally recognized Indian tribe. A local government or tribal official must be present during the Board's deliberations.

The local government or the federally recognized Indian tribe seeking financial assistance must demonstrate to the Board that no other timely funding source is available at costs similar to financing available from the Board.

Appropriation: None.

Fiscal Note: Available.

Effective Date: 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 is a good public-private partnership that will expand access to broadband across all four corners of the state. Public-private partnerships are a proven model. These partnerships are best sought when the parties involved have an equal investment in the infrastructure, which is a big issue in bringing broadband to rural communities. Building a fiber network is better suited for public investment through loans and grants because the asset is durable and will sustain itself beyond the term of the loan. The private investment includes operations of the network, which can be used by private entities. Many companies can operate open access networks and provide the electronics, light, and content to the customers. This benefits customers through allowing them to stay current with fast-changing technology.

The Community Economic Revitalization Board (Board) has done a wonderful job with the \$1 million funding they have received to expand rural access to broadband. The Board is a nimble and responsive program that has produced real, tangible results. The Board has been an excellent steward and has been successful at working with local government to implement user friendly programs to develop high speed broadband in rural regions of Washington. Broadband infrastructure is best suited to be controlled by the local government. The network should be kept dark. The ports are doing a great job, but they are not best suited to run a lit network.

Broadband is critical to rural economic development, future job creation, and improved access to educational and healthcare-related resources for both children and adults. A broadband network supports business and economic development, and access to broadband can help communities move forward. Communities must have reliable access to Internet, regardless of how dispersed they are, and rural communities without broadband access fall behind metropolitan communities. Broadband access can help businesses store electronic records, improve communications, enhance predictability, and would attract new economic development to rural areas where it is needed.

Broadband access is crucial for communication and access to information on reservations. Studies have found American Indians are four times more likely to have health complications, and expanded and improved broadband would provide access to health information online. Broadband would provide access to healthcare, mental healthcare, and counseling services, which would help prevent suicide on reservations. Broadband access is a public safety issue, particularly during emergencies and life threatening situations, through providing better communications for responders and community residents. During recent wildfires, communication towers went down, so the only way to check on the safety of community members was to go door-to-door. Access to broadband would also help students access more information and allow them to do their homework.

The bill would be improved if the definition of broadband was changed to remove the word "dark" because it limits what type of service can be provided.

(Opposed) None.

Persons Testifying: Representative Dye, prime sponsor; Representative Ybarra; Al Aldrich, Port of Skagit; Susie Allen, Colville Business Committee (Confederated Tribes of the Colville Reservation); Michael Moran, Confederated Tribes of the Colville Reservation; Candice Bock, Association of Washington Cities; Todd Brandenburg, Pocketinet Communications Incorporated; Stephen McFadden, Adams County Development Council; James Thompson, Washington Ports; Tom Kammerzell, Port of Whitman County; and Ginger Eagle, Randy Hayden, and Michael Echanove, Community Economic Revitalization Board.

Persons Signed In To Testify But Not Testifying: None.