ESHB 1336 - S COMM AMD

By Committee on Environment, Energy & Technology

ADOPTED AS AMENDED 04/11/2021

- 1 Strike everything after the enacting clause and insert the 2 following:
- 3 "Sec. 1. RCW 54.16.005 and 2000 c 81 s 2 are each amended to 4 read as follows:
- 5 The definitions in this section apply throughout this chapter 6 unless the context clearly requires otherwise.
- 7 (1) "Broadband infrastructure" means networks of deployed 8 telecommunications equipment and technologies necessary to provide 9 high-speed internet access and other advanced telecommunications 10 services.
- 11 <u>(2)</u> "Commission" means the Washington utilities and transportation commission.
- 13 (((2))) <u>(3) "District commission" means the governing board of a</u>
 14 public utility district.
- 15 (4) "Retail telecommunications services" means the sale, lease,
 16 license, or indivisible right of use of telecommunications services
 17 or telecommunications facilities directly to end users.
- 18 <u>(5)</u> "Telecommunications" has the same meaning as ((that 19 contained)) defined in RCW 80.04.010.
- (((3))) <u>(6)</u> "Telecommunications facilities" means lines, conduits, ducts, poles, wires, cables, crossarms, receivers, transmitters, instruments, machines, appliances, instrumentalities and all devices, real estate, easements, apparatus, property, and routes used, operated, owned, or controlled by any entity to facilitate the provision of telecommunications services.
- ((\(\frac{(4+)}{4}\))) (7) "Wholesale telecommunications services" means the provision of telecommunications services or telecommunications facilities for resale ((\(\frac{by}{y}\))) to an entity ((\(\frac{authorized}{to provide}\)) that provides retail telecommunications services ((\(\frac{to the general}{to provide}\))
- 30 public and internet service providers)).

Sec. 2. RCW 54.16.330 and 2019 c 365 s 9 are each amended to 2 read as follows:

- (1)(((a))) A public utility district in existence on June 8, 2000, may construct, purchase, acquire, develop, finance, lease, license, handle, provide, add to, contract for, interconnect, alter, improve, repair, operate, and maintain any telecommunications facilities within or ((without)) outside of the district's limits for any or all of the following purposes:
- 9 ((\(\frac{\(\daggerightarrow\)}{\(\daggerightarrow\)}\)) (a) For the district's internal telecommunications needs;
 10 ((\(\daggerightarrow\))) For the provision of wholesale telecommunications services
 11 within the district and by contract with another public utility
 12 district.
 - (b) Except as provided in subsection (8) of this section, nothing in this section shall be construed to authorize public utility districts to provide telecommunications services to end users)) (b) For the provision of either retail or wholesale, or both, telecommunications services and telecommunications facilities within the district; or
 - (c) For the provision of either retail or wholesale, or both, telecommunications services or telecommunications facilities outside of the district by contract with another public utility district, any political subdivision of the state authorized to provide retail telecommunications services in the state, or with any federally recognized tribe located in the state of Washington.
 - (2) A public utility district providing wholesale or retail telecommunications services shall ensure that rates, terms, and conditions for such services are not unduly or unreasonably discriminatory or preferential. Rates, terms, and conditions are discriminatory or preferential when a public utility district offering rates, terms, and conditions to an entity for wholesale or retail telecommunications services does not offer substantially similar rates, terms, and conditions to all other entities seeking substantially similar services.
 - (3) A public utility district providing wholesale or retail telecommunications services shall not be required to, but may, establish a separate utility system or function for such purpose. In either case, a public utility district providing wholesale or retail telecommunications services shall separately account for any revenues and expenditures for those services according to standards established by the state auditor pursuant to its authority in chapter Code Rev/RB:akl

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- 43.09 RCW and consistent with the provisions of this title. Any revenues received from the provision of wholesale or retail telecommunications services must be dedicated to costs incurred to build and maintain any telecommunications facilities constructed, installed, or acquired to provide such services, including payments on debt issued to finance such services, until such time as any bonds or other financing instruments executed after June 8, 2000, and used to finance such telecommunications facilities are discharged or retired.
 - (4) When a public utility district provides wholesale or retail telecommunications services, all telecommunications services rendered to the district for the district's internal telecommunications needs shall be allocated or charged at its true and full value. A public utility district may not charge its nontelecommunications operations rates that are preferential or discriminatory compared to those it charges entities purchasing wholesale or retail telecommunications services.
 - (5) If a person or entity receiving retail telecommunications services from a public utility district under this section has a complaint regarding the reasonableness of the rates, terms, conditions, or services provided, the person or entity may file a complaint with the district commission.
 - (6) A public utility district shall not exercise powers of eminent domain to acquire telecommunications facilities or contractual rights held by any other person or entity to telecommunications facilities.
 - (7) Except as otherwise specifically provided, a public utility district may exercise any of the powers granted to it under this title and other applicable laws in carrying out the powers authorized under this section. Nothing in chapter 81, Laws of 2000 limits any existing authority of a public utility district under this title.
 - (((8)(a) If an internet service provider operating on telecommunications facilities of a public utility district that provides wholesale telecommunications services but does not provide retail telecommunications services, ceases to provide access to the internet to its end-use customers, and no other retail service providers are willing to provide service, the public utility district may provide retail telecommunications services to the end-use customers of the defunct internet service provider in order for end-

- use customers to maintain access to the internet until a replacement internet service provider is, or providers are, in operation.
- (b) Within thirty days of an internet service provider ceasing to provide access to the internet, the public utility district must initiate a process to find a replacement internet service provider or providers to resume providing access to the internet using telecommunications facilities of a public utility district.
- (c) For a maximum period of five months, following initiation of the process begun in (b) of this section, or, if earlier than five months, until a replacement internet service provider is, or providers are, in operation, the district commission may establish a rate for providing access to the internet and charge customers to cover expenses necessary to provide access to the internet.
- (9) The tax treatment of the retail telecommunications services
 provided by a public utility district to the end-use customers during
 the period specified in subsection (8) of this section must be the
 same as if those retail telecommunications services were provided by
 the defunct internet service provider.))
- NEW SECTION. Sec. 3. A new section is added to chapter 54.16 20 RCW to read as follows:
 - (1) Before providing retail telecommunications services, a public utility district is encouraged to examine and report to its governing body the following about the area to be served by the public utility district:
 - (a) An assessment of the current availability of broadband infrastructure and its adequacy to provide high-speed internet access and other advanced telecommunications services to end users;
- 28 (b) The location of where retail telecommunications services will 29 be provided;
- 30 (c) Evidence relating to the unserved or underserved nature of 31 the community in which retail telecommunications services will be 32 provided;
 - (d) Expected costs of providing retail telecommunications services to customers to be served by the public utility district; and
- (e) Evidence that proposed telecommunications infrastructure will be capable of scaling to greater download and upload speeds to meet state broadband goals under RCW 43.330.536.

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(2) For purposes of this section, "unserved" means a census block in which no provider has the capacity to deliver internet access service at speeds of a minimum of twenty-five megabits download and three megabits upload.

- **Sec. 4.** RCW 54.16.425 and 2018 c 186 s 3 are each amended to 6 read as follows:
 - (1) Property owned by a public utility district that is exempt from property tax under RCW 84.36.010 is subject to an annual payment in lieu of property taxes if the property consists of a broadband ((network)) infrastructure used in providing retail ((internet service)) telecommunications services.
 - (2) (a) The amount of the payment must be determined jointly and in good faith negotiation between the public utility district that owns the property and the county or counties in which the property is located.
 - (b) The amount agreed upon may not exceed the property tax amount that would be owed on the property comprising the broadband ((network)) infrastructure used in providing retail ((internet service)) telecommunications services as calculated by the department of revenue. The public utility district must provide information necessary for the department of revenue to make the required valuation under this subsection. The department of revenue must provide the amount of property tax that would be owed on the property to the county or counties in which the broadband ((network)) infrastructure is located on an annual basis.
 - (c) If the public utility district and a county cannot agree on the amount of the payment in lieu of taxes, either party may invoke binding arbitration by providing written notice to the other party. In the event that the amount of payment in lieu of taxes is submitted to binding arbitration, the arbitrators must consider the government services available to the public utility district's broadband ((network)) infrastructure used in providing retail ((internet service)) telecommunications services. The public utility district and county must each select one arbitrator, the two of whom must pick a third arbitrator. Costs of the arbitration, including compensation for the arbitrators' services, must be borne equally by the parties participating in the arbitration.
 - (3) By April 30th of each year, a public utility district must remit the annual payment to the county treasurer of each county in Code Rev/RB:akl

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- 1 which the public utility district's broadband ((network))
- 2 <u>infrastructure</u> used in providing retail ((internet service))
- 3 <u>telecommunications services</u> is located in a form and manner required
- 4 by the county treasurer.
- 5 (4) The county must distribute the amounts received under this 6 section to all property taxing districts, including the state, in 7 appropriate tax code areas in the same proportion as it would 8 distribute property taxes from taxable property.
- 9 (5) By December 1, 2019, and annually thereafter, the department of revenue must submit a report to the appropriate legislative committees detailing the amount of payments made under this section and the amount of property tax that would be owed on the property comprising the broadband ((network)) infrastructure used in providing retail ((internet service)) telecommunications services.
- 15 (((6) The definitions in RCW 54.16.420 apply to this section.))
- NEW SECTION. Sec. 5. A new section is added to chapter 35.27 RCW to read as follows:
- (1) A town may construct, purchase, acquire, develop, finance, lease, license, provide, contract for, interconnect, alter, improve, repair, operate, and maintain telecommunications services or telecommunications facilities for the purpose of furnishing the town and its inhabitants with telecommunications services. The town has full authority to regulate and control the use, distribution, and price of the services.
- 25 (2) For purposes of this section, "telecommunications" has the 26 same meaning as defined in RCW 80.04.010.
- NEW SECTION. Sec. 6. A new section is added to chapter 35.23 RCW to read as follows:
- (1) A second-class city may construct, purchase, acquire, 29 develop, finance, lease, license, provide, contract 30 interconnect, alter, improve, repair, operate, and maintain 31 telecommunications services or telecommunications facilities for the 32 purpose of furnishing the second-class city and its inhabitants with 33 telecommunications services. The second-class city has full authority 34 to regulate and control the use, distribution, and price of the 35 services. 36
- 37 (2) For purposes of this section, "telecommunications" has the 38 same meaning as defined in RCW 80.04.010.

- NEW SECTION. Sec. 7. A new section is added to chapter 36.01
 RCW to read as follows:
- 3 (1) A county may construct, purchase, acquire, develop, finance, 4 lease, license, provide, contract for, interconnect, alter, improve,
- 5 repair, operate, and maintain telecommunications services or
- 6 telecommunications facilities for the purpose of furnishing the
- 7 county and its inhabitants with telecommunications services. The
- 8 county has full authority to regulate and control the use,
- 9 distribution, and price of the services.
- 10 (2) For purposes of this section, "telecommunications" has the 11 same meaning as defined in RCW 80.04.010.
- 12 **Sec. 8.** RCW 53.08.005 and 2018 c 169 s 1 are each amended to 13 read as follows:
- The definitions in this section apply throughout this chapter unless the context clearly requires otherwise.
- 16 (1) "Commission" means the Washington utilities and transportation commission.
- 18 (2) "Retail telecommunications services" means the sale, lease,
 19 license, or indivisible right of use of telecommunications services
 20 or telecommunications facilities directly to end users.
- 21 (3) "Telecommunications" has the same meaning as contained in RCW 80.04.010.
- (((3))) <u>(4)</u> "Telecommunications facilities" means lines, conduits, ducts, poles, wires, cables, crossarms, receivers, transmitters, instruments, machines, appliances, instrumentalities and all devices, real estate, easements, apparatus, property, and routes used, operated, owned, or controlled by any entity to facilitate the provision of telecommunications services.
- ((\(\frac{(4+)}{4+}\)) (5) "Wholesale telecommunications services" means the provision of telecommunications services or telecommunications facilities for resale ((\(\frac{by}{y}\))) to an entity authorized to provide telecommunications services ((\(\frac{to}{to}\) the general public and internet service providers)). Wholesale telecommunications services includes the provision of unlit or dark optical fiber for resale, but not the provision of lit optical fiber.
- 36 **Sec. 9.** RCW 53.08.370 and 2019 c 365 s 10 are each amended to read as follows:

- (1) A port district in existence on June 8, 2000, may construct, purchase, acquire, develop, finance, lease, license, handle, provide, add to, contract for, interconnect, alter, improve, repair, operate, and maintain any telecommunications facilities within or ((without)) outside the district's limits for any or all of the following purposes:
 - (a) For the district's own use; ((and))

- (b) For the provision of wholesale telecommunications services within or ((without)) outside the district's limits((. Nothing in this subsection shall be construed to authorize port districts to provide telecommunications services to end users)); or
- (c) For the provision of retail telecommunications services within or outside the district's limits.
- (2) Except as provided in subsection $((\frac{9}{}))$ (8) of this section, a port district providing wholesale or retail telecommunications services under this section shall ensure that rates, terms, and conditions for such services are not unduly or unreasonably discriminatory or preferential. Rates, terms, and conditions are discriminatory or preferential when a port district offering such rates, terms, and conditions to an entity for wholesale or retail telecommunications services does not offer substantially similar rates, terms, and conditions to all other entities seeking substantially similar services.
- (3) When a port district establishes a separate utility function for the provision of wholesale <u>or retail</u> telecommunications services, it shall account for any and all revenues and expenditures related to its wholesale <u>or retail</u> telecommunications facilities and services separately from revenues and expenditures related to its internal telecommunications operations. Any revenues received from the provision of wholesale <u>or retail</u> telecommunications services must be dedicated to the utility function that includes the provision of wholesale <u>or retail</u> telecommunications services for costs incurred to build and maintain the telecommunications facilities until such time as any bonds or other financing instruments executed after June 8, 2000, and used to finance the telecommunications facilities are discharged or retired.
- (4) When a port district establishes a separate utility function for the provision of wholesale <u>or retail</u> telecommunications services, all telecommunications services rendered by the separate function to the district for the district's internal telecommunications needs

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- shall be charged at its true and full value. A port district may not charge its nontelecommunications operations rates that are preferential or discriminatory compared to those it charges entities purchasing wholesale or retail telecommunications services.
 - (5) A port district shall not exercise powers of eminent domain to acquire telecommunications facilities or contractual rights held by any other person or entity to telecommunications facilities.
 - (6) Except as otherwise specifically provided, a port district may exercise any of the powers granted to it under this title and other applicable laws in carrying out the powers authorized under this section. Nothing in chapter 81, Laws of 2000 limits any existing authority of a port district under this title.
 - (7) ((A port district that has not exercised the authorities provided in this section prior to June 7, 2018, must develop a business case plan before exercising the authorities provided in this section. The port district must procure an independent qualified consultant to review the business case plan, including the use of public funds in the provision of wholesale telecommunications services. Any recommendations or adjustments to the business case plan made during third-party review must be received and either rejected or accepted by the port commission in an open meeting.
 - (8))) A port district with telecommunications facilities for use in the provision of wholesale <u>or retail</u> telecommunications in accordance with subsection (1)(((b))) of this section may be subject to local leasehold excise taxes under RCW 82.29A.040.
 - ((+9))) (8)(a) A port district under this section may select a telecommunications company to operate all or a portion of the port district's telecommunications facilities.
 - (b) For the purposes of this section "telecommunications company" means any for-profit entity owned by investors that sells telecommunications services to end users.
- 32 (c) Nothing in this subsection $((\frac{9}{}))$ is intended to limit 33 or otherwise restrict any other authority provided by law.
- NEW SECTION. Sec. 10. A new section is added to chapter 53.08 RCW to read as follows:
- 36 (1) Before providing retail telecommunications services, a port 37 district is encouraged to examine and report to its governing body 38 the following about the area to be served by the port district:

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1 (a) An assessment of the current availability of broadband 2 infrastructure and its adequacy to provide high-speed internet access 3 and other advanced telecommunications services to end users;

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- (b) The location of where retail telecommunications services will be provided;
- 6 (c) Evidence relating to the unserved or underserved nature of 7 the community in which retail telecommunications services will be 8 provided;
- 9 (d) Expected costs of providing retail telecommunications 10 services to customers to be served by the port district; and
- 11 (e) Evidence that proposed telecommunications infrastructure will 12 be capable of scaling to greater download and upload speeds to meet 13 state broadband goals under RCW 43.330.536.
- 14 (2) For purposes of this section, "unserved" means a census block 15 in which no provider has the capacity to deliver internet access 16 service at speeds of a minimum of twenty-five megabits download and 17 three megabits upload.
- 18 **Sec. 11.** RCW 43.155.070 and 2017 3rd sp.s. c 10 s 9 are each 19 amended to read as follows:
- 20 (1) To qualify for financial assistance under this chapter the 21 board must determine that a local government meets all of the 22 following conditions:
- 23 (a) The city or county must be imposing a tax under chapter 82.46 24 RCW at a rate of at least one-quarter of one percent;
- 25 (b) The local government must have developed a capital facility 26 plan; and
 - (c) The local government must be using all local revenue sources which are reasonably available for funding public works, taking into consideration local employment and economic factors.
- 30 (2) Except where necessary to address a public health need or substantial environmental degradation, or increase access to 31 broadband, a county, city, or town planning under RCW 36.70A.040 may 32 not receive financial assistance under this chapter unless it has 33 adopted a comprehensive plan, including a capital facilities plan 34 element, and development regulations as required by RCW 36.70A.040. 35 This subsection does not require any county, city, or town planning 36 under RCW 36.70A.040 to adopt a comprehensive plan or development 37 regulations before requesting or receiving financial assistance under 38 this chapter if such request is made before the expiration of the 39

- time periods specified in RCW 36.70A.040. A county, city, or town planning under RCW 36.70A.040 that has not adopted a comprehensive plan and development regulations within the time periods specified in RCW 36.70A.040 may apply for and receive financial assistance under this chapter if the comprehensive plan and development regulations are adopted as required by RCW 36.70A.040 before executing a contractual agreement for financial assistance with the board.
 - (3) In considering awarding financial assistance for public facilities to special districts requesting funding for a proposed facility located in a county, city, or town planning under RCW 36.70A.040, the board must consider whether the county, city, or town planning under RCW 36.70A.040 in whose planning jurisdiction the proposed facility is located has adopted a comprehensive plan and development regulations as required by RCW 36.70A.040.
- 15 (4)(a) The board must develop a process to prioritize 16 applications and funding of loans and grants for public works 17 projects submitted by local governments. The board must consider, at 18 a minimum and in any order, the following factors in prioritizing 19 projects:
- 20 (i) Whether the project is critical in nature and would affect 21 the health and safety of many people;
 - (ii) The extent to which the project leverages other funds;
- 23 (iii) The extent to which the project is ready to proceed to construction;
 - (iv) Whether the project is located in an area of high unemployment, compared to the average state unemployment;
 - (v) Whether the project promotes the sustainable use of resources and environmental quality, as applicable;
 - (vi) Whether the project consolidates or regionalizes systems;
- (vii) Whether the project encourages economic development through mixed-use and mixed income development consistent with chapter 36.70A RCW;
- (viii) Whether the system is being well-managed in the present and for long-term sustainability;
- 35 (ix) Achieving equitable distribution of funds by geography and 36 population;
- 37 (x) The extent to which the project meets the following state 38 policy objectives:
 - (A) Efficient use of state resources;
- 40 (B) Preservation and enhancement of health and safety;

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- 1 (C) Abatement of pollution and protection of the environment;
- 2 (D) Creation of new, family-wage jobs, and avoidance of shifting 3 existing jobs from one Washington state community to another;
- 4 (E) Fostering economic development consistent with chapter 36.70A 5 RCW;
- 6 (F) Efficiency in delivery of goods and services and 7 transportation; and
 - (G) Reduction of the overall cost of public infrastructure;
- 9 (xi) Whether the applicant sought or is seeking funding for the 10 project from other sources; and
- 11 (xii) Other criteria that the board considers necessary to 12 achieve the purposes of this chapter.
 - (b) Before September 1, 2018, and each year thereafter, the board must develop and submit a report regarding the construction loans and grants to the office of financial management and appropriate fiscal committees of the senate and house of representatives. The report must include:
 - (i) The total number of applications and amount of funding requested for public works projects;
 - (ii) A list and description of projects approved in the preceding fiscal year with project scores against the board's prioritization criteria;
 - (iii) The total amount of loan and grants disbursements made from the public works assistance account in the preceding fiscal year;
 - (iv) The total amount of loan repayments in the preceding fiscal year for outstanding loans from the public works assistance account;
 - (v) The total amount of loan repayments due for outstanding loans for each fiscal year over the following ten-year period; and
- (vi) The total amount of funds obligated and timing of when the funds were obligated in the preceding fiscal year.
- 31 (c) The maximum amount of funding that the board may provide for 32 any jurisdiction is ten million dollars per biennium.
 - (5) Existing debt or financial obligations of local governments may not be refinanced under this chapter. Each local government applicant must provide documentation of attempts to secure additional local or other sources of funding for each public works project for which financial assistance is sought under this chapter.
- 38 (6) Before September 1st of each year, the board must develop and 39 submit to the appropriate fiscal committees of the senate and house

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- of representatives a description of the loans and grants made under RCW 43.155.065 and 43.155.068.
 - (7) The board may not sign contracts or otherwise financially obligate funds from the public works assistance account before the legislature has appropriated funds to the board for the purpose of funding public works projects under this chapter.
 - (8) To qualify for loans, grants, or pledges for solid waste or recycling facilities under this chapter, a city or county must demonstrate that the solid waste or recycling facility is consistent with and necessary to implement the comprehensive solid waste management plan adopted by the city or county under chapter ((70.95)) 70A.205 RCW.
- 13 (9) After January 1, 2010, any project designed to address the effects of stormwater or wastewater on Puget Sound may be funded under this section only if the project is not in conflict with the action agenda developed by the Puget Sound partnership under RCW 90.71.310.
- 18 (10) For projects involving repair, replacement, or improvement 19 of a wastewater treatment plant or other public works facility for 20 which an investment grade efficiency audit is reasonably obtainable, 21 the public works board must require as a contract condition that the 22 project sponsor undertake an investment grade efficiency audit. The 23 project sponsor may finance the costs of the audit as part of its 24 public works assistance account program loan or grant.
- 25 (11) The board must implement policies and procedures designed to 26 maximize local government consideration of other funds to finance 27 local infrastructure.
- 28 (12) The relevant sections of the Washington Administrative Code 29 must be amended by January 1, 2022, in accordance with the provisions 30 of this section.
- NEW SECTION. Sec. 12. This act may be known and cited as the public broadband act.
- NEW SECTION. Sec. 13. RCW 54.16.420 (Retail internet service—
 Definitions—Authority—Requirements) and 2018 c 186 s 1 are each
 repealed."

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6 7 By Committee on Environment, Energy & Technology

ADOPTED AS AMENDED 04/11/2021

On page 1, line 3 of the title, after "users;" strike the remainder of the title and insert "amending RCW 54.16.005, 54.16.330, 54.16.425, 53.08.005, 53.08.370, and 43.155.070; adding a new section to chapter 54.16 RCW; adding a new section to chapter 35.27 RCW; adding a new section to chapter 35.23 RCW; adding a new section to chapter 36.01 RCW; adding a new section to chapter 53.08 RCW; creating a new section; and repealing RCW 54.16.420."

EFFECT: (1) Adds an exception for increasing access to broadband to the provision that a county, city, or town planning under the Growth Management Act may not receive financial assistance for a public works project unless it has adopted a comprehensive plan, including a capital facilities plan element, and development regulations as required by the Growth Management Act.

(2) Requires the relevant sections of the Washington Administrative Code to be amended by January 1, 2022, accordingly.

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