SENATE BILL REPORT
SB 5188

As Reported by Senate Committee On:
Environment, Energy & Technology, February 14, 2025
Ways & Means, February 27, 2025

Title: An act relating to broadband infrastructure repair loans.

Brief Description: Concerning broadband infrastructure repair loans.

Sponsors: Senators Wellman, Hansen, Lovick, Kauffman, Krishnadasan, Nobles and Riccelli.

Brief History:
Committee Activity: Environment, Energy & Technology: 2/05/25, 2/14/25 [DP-WM]. Ways & Means: 2/24/25, 2/27/25 [DP, DNP, w/oRec].

Brief Summary of Bill

- Allows the Public Works Board to issue loans to assist in funding broadband infrastructure repair and replacement.
- Expands the allowable uses of the Public Works Board Broadband Service Expansion Grant and Loan Program to include repair and maintenance of existing infrastructure.

SENATE COMMITTEE ON ENVIRONMENT, ENERGY & TECHNOLOGY

Majority Report: Do pass and be referred to Committee on Ways & Means.
Signed by Senators Shewmake, Chair; Slatter, Vice Chair; Boehnke, Ranking Member; Dhingra, Harris, Liias, Lovelett, MacEwen, Ramos, Short and Wellman.

Staff: Alicia Kinne-Clawson (786-7407)

SENATE COMMITTEE ON WAYS & MEANS

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Majority Report: Do pass.

Signed by Senators Robinson, Chair; Stanford, Vice Chair, Operating; Trudeau, Vice Chair, Capital; Frame, Vice Chair, Finance; Boehnke, Cleveland, Conway, Dhingra, Hansen, Kauffman, Pedersen, Riccelli, Saldaña, Wellman and Wilson, C..

Minority Report: Do not pass.

Signed by Senator Hasegawa.

Minority Report: That it be referred without recommendation.

Signed by Senators Gildon, Ranking Member, Operating; Torres, Assistant Ranking Member, Operating; Schoesler, Ranking Member, Capital; Dozier, Assistant Ranking Member, Capital; Braun, Muzzall, Wagoner and Warnick.

Staff: Wendy Brown (786-7359)

Background: Public Works Board. The Public Works Board (PWB) within the Department of Commerce provides financial and technical assistance to local governments in addressing local infrastructure and public works projects by making loans, grants, financing guarantees, and technical assistance available.

Broadband Service Expansion Grant and Loan Program. The PWB administers the Broadband Service Expansion Grant and Loan Program (Program), which awards funding to eligible applicants in order to promote the expansion of access to broadband service in unserved areas of the state. Eligible applicants include local governments, tribes, nonprofit organizations, cooperative associations, multiparty entities comprised of public entity members, limited liability corporations organized for the purpose of expanding broadband access, and incorporated businesses or partnerships. Program applications must include specified information such as:

- the location of the project;
- evidence the proposed infrastructure will be scalable;
- evidence regarding the unserved nature of the community in the project location; and
- evidence that no later than six weeks before submission of the application the applicant notified all entities providing broadband service near the proposed project area to ask if there were upgrade plans within the same time frame as the proposed project.

Summary of Bill: The Program is modified to permit loans for the purposes of repair and replacement of middle and last mile broadband infrastructure. To be eligible, a project must demonstrate the number of households whose broadband service would be upgraded or maintained. In evaluating loan applications, the PWB must give priority to applications in areas that would be unserved if repair or replacement did not take place.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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

Staff Summary of Public Testimony (Environment, Energy & Technology): PRO: When we created the state broadband office we gave the PWB authority to fund broadband projects to expand broadband access. This is an issue of equity and equality. We've seen several circumstances where commercial lenders were not making loans for repair of infrastructure due to economic circumstances outside out control. The bill gives the authorization to the PWB to expand its scope. In rural areas, the rate base is not big enough to finance major repairs. This bill starts to recognize that the broadband infrastructure needs are evolving. After the federal investments, there will be less of a need to expand and more of a need to maintain the infrastructure we have. This will be a backstop to continue to provide service going forward. This is probably a very necessary tool as we look to bringing broadband for all.

Persons Testifying (Environment, Energy & Technology): PRO: Senator Lisa Wellman, Prime Sponsor; Mara Machulsky, Northwest Open Access Network; Mike Henson, Northwest Open Access Network; Scott Richards, Washington Public Utility District Association; Chris Herman, Washington Public Ports Association.

Persons Signed In To Testify But Not Testifying (Environment, Energy & Technology): No one.

Staff Summary of Public Testimony (Ways & Means): PRO: Our mission is to enhance broadband access and services in Washington State, especially in rural communities. As we move forward with broadband expansion efforts, we're working hard to connect all underserved areas of the state to adequate broadband service. While infrastructure owners do budget for repairs and replacements to their current systems, there are unforeseen events that fall outside of the budgeted reserves, especially in rural areas. There is not a robust enough rate base to respond to some of these unforeseen events quickly enough to avoid service disruption.

As the federal BEAD Program continues to expand, we anticipate that a program like this will become very important. Ports develop broadband networks in some of the most rural parts of Washington State, and it's unrealistic for them to fully insure their systems. A program like this will become relevant into the future.

Community-owned utilities provide energy, water, sewer, and wholesale and retail telecommunications services. Currently, there are sixteen PUD 's providing telecom services. This bill recognizes that the broadband infrastructure environment is evolving and begins to move us from an expansion mindset to a maintenance mindset. With the once-in-a-generation federal investment in broadband infrastructure, there will eventually be less need to finance the expansion of public broadband infrastructure and more need to finance

the maintenance of existing systems.

This legislation allows our state to ensure funding not only for Internet expansion through new construction, but also for the ongoing infrastructure repair and replacement. It is common sense alignment to ensure the future of our current infrastructure investments. I support this additive approach to our work to make sure we serve under- and unserved areas of our state. I also support that the investment should be a loan program, as noted in the legislation.

Persons Testifying (Ways & Means): PRO: Mara Machulsky, Northwest Open Access Network; Scott Richards, Washington Public Utilities District Association; Chris Herman, Washington Public Ports Association; Janet St Clair, Island County.

Persons Signed In To Testify But Not Testifying (Ways & Means): No one.