

# HOUSE BILL ANALYSIS

## HB 1750

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**Title:** An Act relating to the provision of telecommunications by public entities.

**Brief Description:** Authorizing local governments to provide telecommunications facilities or services.

**Sponsors:** Representatives Cooper, Crouse, Poulsen, G. Chandler, Doumit, DeBolt, Eickmeyer and Mulliken.

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### HOUSE COMMITTEE ON TECHNOLOGY, TELECOMMUNICATIONS & ENERGY

*Meeting Date:* February 16, 1999

*Bill Analysis Prepared by:* Anntonette Alberti, (786-7117)

***Background:***

*Public utility districts (PUDs) are municipal corporations authorized by statute. Under Washington law, PUDs are limited to the powers they are granted by statute. PUDs are authorized to provide electricity, water, and/or sewer service within their boundaries. Additionally, among other things, PUDs are authorized to levy and collect property taxes. PUDs can create local utility districts (LUDs) by resolution. LUDs are used to pay for extensions and improvements of utility infrastructure. Properties within an LUD that benefit from the utility extension or improvement are assessed the costs for making the change.*

*A recent Attorney General Opinion requested by the State Auditor states that, under current law, a PUD lacks the authority to offer and provide Internet access, home security services, telephone services, and cell phone and paging services. A PUD also lacks the authority to install telephone or cable equipment for the public. However, a PUD may sell or lease excess capacity on its fiber optic cable system assuming that the excess capacity was acquired to serve the PUD's future needs and not for resale.*

*There are currently 28 PUDs operating in Washington state.*

***Summary:***

*PUDs are expressly authorized to build or acquire telecommunications infrastructure within their boundaries for the purposes of providing telecommunications facilities or*

*services for public use. PUDs have full discretion to classify uses of this infrastructure. Rates charged for use of this infrastructure must be uniform for the same class of customers.*

*Voters of a PUD may approve a ballot provision allowing the PUD to provide telecommunications services within PUD boundaries. The PUD has full authority to set prices for these services.*

*A PUD may use tax receipts to reduce the costs of providing telecommunications facilities or services. Telecommunications infrastructure may be financed by the creation of LUDs. Special assessments on properties benefitted within the LUD will not be levied against the property of school districts and higher education institutions.*

*PUDs providing telecommunications infrastructure or services must provide access and services for free to the public schools and higher education institutions in their service areas. PUDs may provide free or discounted telecommunications equipment and accessories to public schools and higher education institutions. Costs for providing telecommunications infrastructure, services, equipment or accessories to public schools and institutions are to be borne by rates and charges imposed on others using the services.*

*Appropriation: None.*

*Fiscal Note: Not requested.*

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