

HOUSE BILL REPORT

HB 2559

As Reported by House Committee On:
Technology, Energy & Communications

Title: An act relating to a statewide high-speed internet deployment and adoption initiative.

Brief Description: Creating a statewide high-speed internet deployment and adoption initiative.

Sponsors: Representatives Hudgins, McCoy, VanDeWege, Hasegawa, Ormsby, Campbell and Chase.

Brief History:

Committee Activity:

Technology, Energy & Communications: 1/15/08, 1/22/08 [DPS].

Brief Summary of Substitute Bill

- Requires the Department of Information Services to work in partnership with the Department of Community, Trade and Economic Development and the Utilities and Transportation Commission to lead a comprehensive, statewide high-speed Internet deployment and adoption initiative.

HOUSE COMMITTEE ON TECHNOLOGY, ENERGY & COMMUNICATIONS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 12 members: Representatives McCoy, Chair; Eddy, Vice Chair; Crouse, Ranking Minority Member; McCune, Assistant Ranking Minority Member; Hankins, Herrera, Hudgins, Hurst, Kelley, Morris, Takko and Van De Wege.

Minority Report: Do not pass. Signed by 1 member: Representative Ericksen.

Staff: Kara Durbin (786-7133).

Background:

In the Telecommunications Act of 1996, Congress directed the Federal Communications Commission (FCC) and state regulatory commissions to "encourage the deployment on a reasonable and timely basis of advanced telecommunications capability to all Americans."

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 term "advanced telecommunications capability" is used by the FCC to describe services and facilities with an upstream (customer-to-provider) and downstream (provider-to-customer) transmission speed exceeding 200 kilobits per second (kbps). The FCC uses the term "high-speed" for those services with over 200 kbps capability in at least one direction.

The term "broadband service" generally refers to the high-speed transmission of electronic information. Several different types of technologies can be used to provide broadband service, including digital subscriber line (DSL), cable modem, satellite, remote DSL, broadband over power lines, wireless Internet service providers, and Wi-Fi networks.

National Broadband Surveys: According to a 2006 survey by the U.S. Government Accountability Office (GAO), a variety of characteristics related to households and services influence whether consumers purchase broadband services. The GAO found that households with higher incomes were more likely to adopt broadband than lower-income households, and those households with a college-educated head of household were more likely to purchase broadband than those households headed by someone who did not graduate from college. While the GAO found that rural households are less likely to adopt broadband, their findings indicate that this difference may be related in part to the lower availability of broadband in rural areas. In addition, the GAO identified the price of broadband service as a barrier to adoption for some consumers.

State Study: The Utilities and Transportation Commission (UTC) received an appropriation of \$160,000 in the 2007-2009 Operating Budget (Budget) to conduct a survey to "identify factors preventing the widespread availability and use of broadband technologies." Specifically, the Budget directed the UTC to collect and interpret reliable geographic, demographic, cultural, and telecommunications technology information to identify broadband disparities in the state. In conducting the study, the UTC must consult with appropriate stakeholders in designing the survey. The UTC must report its findings to the Legislature by December 31, 2007.

Summary of Substitute Bill:

Creation of a High-Speed Internet Deployment and Adoption Initiative: The Department of Information Services (DIS) shall work with the Department of Community, Trade and Economic Development (CTED) and the Utilities and Transportation Commission (UTC) in a similar partnership to the partnership DIS has with the education sectors on the K-20 network. This effort shall lead to a comprehensive, statewide high-speed Internet deployment and adoption initiative to achieve the following:

- ensure all residents and businesses in the state have access to affordable and reliable high-speed Internet services;
- achieve improved technology literacy, increased computer ownership, and high-speed Internet use among state residents and businesses;
- establish and empower local technology planning teams and partnerships to plan for improved technology use across multiple community sectors; and

- establish and sustain an environment ripe for telecommunications and technology investment statewide, including solicitation and receipt of grants, loans, and other financial mechanisms.

The partnership between the DIS, the CTED, and the UTC shall include input and cooperation among public, private, and nonprofit agencies and organizations representing economic development, local community development, technology planning, education, health care, and other relevant entities. The partnership shall also collaborate with telecommunication providers, technology companies, telecommunications unions, community-based organizations, and other relevant private sector entities.

The high-speed Internet deployment and adoption initiative must include:

- creating a geographic statewide inventory of high-speed Internet services;
- tracking adoption rates of high-speed Internet, computers, and related information technology;
- building and facilitating local technology planning teams;
- collaborating with high-speed Internet providers and technology companies to encourage deployment and use; and
- establishing programs to improve computer ownership, technology literacy, and Internet access for unserved and underserved populations across the state.

Geographic Information System Inventory: The high-speed Internet deployment and adoption initiative must include creation of a geographic statewide inventory of high-speed Internet services and other relevant telecommunications and information technology services. This inventory must be updated regularly and include: (1) an identification of geographic gaps in high-speed Internet service through a method of Geographic Information System (GIS) mapping of service availability and GIS analysis at the census block level; and (2) a baseline assessment of the percentage of households and businesses that have high-speed Internet available.

Adoption of Broadband Statewide: The high-speed Internet deployment and adoption initiative must also: (1) track the statewide residential and business adoption of high-speed Internet, computers, and related information technology; (2) identify barriers to adoption; and (3) measure progress on the data annually.

Local Technology Planning Teams: The high-speed Internet deployment and adoption initiative must also build and facilitate local technology planning teams and partnerships with members representing cross-sections of the community. Local technology planning teams must:

- benchmark technology use across relevant sectors;
- set goals for improving technology use within each sector; and
- develop tactical business plans for achieving identified goals.

Encouraging Deployment Across the State: The high-speed Internet deployment and adoption initiative must also collaborate with high-speed Internet providers and technology companies

across the state to encourage deployment and use, especially in underserved areas through the use of: (1) local demand aggregation; (2) mapping analysis; and (3) creation of market intelligence to improve the investment rationale and business case.

Computer Use in Underserved Populations: The high-speed Internet deployment and adoption initiative must also establish programs to improve computer ownership and Internet access for unserved and underserved populations across the state.

Outside Contracting: The partnership between the DIS, the CTED, and the UTC may contract with other organizations to carry out the high-speed Internet deployment and adoption initiative. Such an organization must have an established competency in working with public and private sectors to accomplish wide-scale deployment and adoption of telecommunications and information technology.

Report to the Legislature: Beginning in 2009, the partnership between the DIS, the CTED, and the UTC must report annually to the relevant fiscal and policy committees in the Legislature on the partnership's activities.

Substitute Bill Compared to Original Bill:

The substitute bill requires the high-speed Internet deployment and adoption initiative to establish programs to improve technology literacy.

Appropriation: None.

Fiscal Note: Available on original bill. Revised fiscal note requested on January 22, 2008.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony:

(In support) We support the Connect Kentucky model, which this bill is based upon, because it has proven to be successful. It is important that we build public broadband infrastructure out. Community technology centers are extremely important. These centers allow disabled people to more fully participate in community life. The digital divide does exist and it is important that citizens have computer access at home.

(Opposed) None.

Persons Testifying: Representative Hudgins, prime sponsor; Milt Doumit, Verizon; and Marcus Courtney, WashTech and Communications Workers of America.

Persons Signed In To Testify But Not Testifying: None.