SENATE BILL REPORT
E2SSB 6438

As Amended by House, March 11, 2008

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: Senate Committee on Ways & Means (originally sponsored by Senators Kohl-Welles, Rockefeller, Oemig, Honeyford, Murray, Delvin and Pridemore).

Brief History:
Committee Activity: Water, Energy & Telecommunications: 1/29/08, 2/05/08 [DPS-WM].
Ways & Means: 2/11/08, 2/12/08 [DP2S].
Passed Senate: 2/19/08, 49-0.

SENATE COMMITTEE ON WATER, ENERGY & TELECOMMUNICATIONS

Majority Report: That Substitute Senate Bill No. 6438 be substituted therefor, and the substitute bill do pass and be referred to Committee on Ways & Means.

Signed by Senators Rockefeller, Chair; Murray, Vice Chair; Honeyford, Ranking Minority Member; Delvin, Fraser, Holmquist, Oemig, Pridemore and Regala.

Staff: Scott Boettcher (786-7416)

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: That Second Substitute Senate Bill No. 6438 be substituted therefor, and the second substitute bill do pass.

Signed by Senators Fraser, Vice Chair, Capital Budget Chair; Pridemore, Vice Chair, Operating Budget; Zarelli, Ranking Minority Member; Brandland, Carrell, Hatfield, Hewitt, Hobbs, Honeyford, Keiser, Kohl-Welles, Oemig, Parlette, Rasmussen, Regala, Roach, Rockefeller, Schoesler and Tom.

Staff: Erik Sund (786-7454)

Background: "Broadband" and "broadband internet access" refer to the high-speed transmission of electronic information. The Federal Communications Commission defines "high-speed" as transmission in excess of 200 kilobits per second in at least one direction. The Organization for Economic Cooperation and Development (OECD) uses a figure of 256 kilobits per second. Several different technologies are used to provide broadband internet access, including: DSL, cable modem, satellite, remote DSL, broadband over power lines,

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wireless internet service providers, and Wi-Fi networks. Broadband internet access is typically contrasted with dial-up internet access (occurring over a modem) that is generally capable of up to 56 kilobits per second.

Broadband is increasingly seen as a key tool for education (e.g., distance learning), healthcare (e.g., telemedicine), service-delivery (e.g., on-line buying, selling, banking, account management, etc.), entertainment (e.g., music, games, movies, etc.), and government (e.g., information and education, reporting and filing, communication, etc.). Broadband is also looked to as a key tool for economic vitality. The OECD for example regards broadband internet access as an important economic indicator. In their June 2007 rankings, the OECD placed the U.S. at 15th with 22.1 internet subscribers per 100 inhabitants, while Denmark, Netherlands, Switzerland, Korea, Norway, and Iceland all had access rates in excess of 29 subscribers per 100 inhabitants.

According to a 2006 survey by the U.S. Government Accountability Office, households in rural areas are less likely to subscribe to broadband service than households in urban and suburban areas. The Pew Internet and American Life Project recently found that 24 percent of rural households had high-speed internet connections compared with 39 percent of urban and suburban households. Non-internet users as a group were additionally found to be of a disproportionate age (median age 59) and below the poverty level (25 percent had yearly household incomes under $20,000).

The OECD has identified the following factors for assessing broadband markets: penetration, usage, coverage, prices, and services and speeds. Several states have recently established state-level broadband task forces, commissions, or authorities to evaluate such factors and provide a point for coordination, and leadership (e.g., CA, HI, KY, TN, MD, MO, NE, NY, VT, and VA).

In 2007 $160,000 was appropriated to the Washington Utilities and Transportation Commission (UTC) to conduct a survey to "identify factors preventing the widespread availability and use of broadband technologies." The UTC was additionally directed to identify broadband disparities in the state and report its findings to the Legislature by December 31, 2007.

Summary of Engrossed Second Substitute Bill: The Washington Department of Information Services (DIS) must coordinate development of a comprehensive, statewide high-speed internet deployment and adoption initiative to be implemented through a public-private partnership with a nonprofit organization. The goals of the initiative are to: (1) ensure all residents and businesses have access to affordable and reliable high-speed internet services; (2) achieve improved technology literacy, increased computer ownership, and high-speed internet use among state residents and businesses; (3) establish and empower local technology planning teams and partnerships to plan for improved technology use across multiple community sectors; (4) establish and sustain an environment ripe for statewide telecommunications and technology investment, including solicitation and receipt of grants, loans, and other financial mechanisms; and (5) create and regularly update a statewide geographic inventory of high-speed internet service.

DIS must convene a work group comprised of members with affected interests by June 1, 2008, to develop a high-speed internet deployment and adoption strategy by September 1,

2008, and publish a web directory of community technology programs by January 1, 2009. DIS must report to the Legislature by December 1, 2008 with recommendations on benchmarks and performance measures, budget and legislative needs, safeguards to protect proprietary and confidential information, and a plan for community technology teams. DIS must contract with a nonprofit organization to accomplish the objectives of the act. Broadband service providers may designate any data submitted to a nonprofit organization under this act as confidential and excepted from disclosure under the State Public Records Act.

Provides an expiration date of June 30, 2011 for the deployment and adoption initiative.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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

Staff Summary of Public Testimony on Original Bill: (Water, Energy & Telecommunications) PRO: SB 6438 is necessary to building a comprehensive high-speed broadband network in Washington. Broadband is essential to the state and nation's future. The US is no longer the leader. Pew data show US falling to 15th (from 4th in 2001) in high-speed broadband availability and use. Korea, Singapore, and Japan are far ahead of the US. In Japan, 80 percent of households have broadband and downloading a movie can be as quick as five minutes (as compared with one hour in US). In Washington there is a significant digital divide with rural, lower income, and older citizens being the least served. Broadband can help those least served and provide better opportunities. High-speed internet can create jobs, bridge the digital divide, provide jobs in rural areas, and help rural communities and rural economies. Kentucky can be a model to learn from (ConnectKentucky generated $500 million direct investment since inception in 2001). Need SB 6438 to stay competitive – for state residents and state businesses. A statewide effort will help business and trade internationally too. Leveraging K-20 network makes sense. Comprehensive mapping and demand analysis is an important next step. Improvements to bill should consider: (1) tightening vague language; (2) extend partnership to grass roots community centers; (3) ensuring independent third party to collect and hold proprietary data; (4) ensuring no arbitrary definition of broadband; and (5) focus on un-served (not underserved).

Persons Testifying (Water, Energy & Telecommunications): PRO: Senator Jeanne Kohl-Welles, prime sponsor; Marcus Courtney, Communication Workers of America; Lew McMurran, Washington Software Alliance; Tomas Corsini, Digital Promise; Johann Helman, Verizon; Rhonda Weaver, Comcast; Terry Stapelton, Washington Independent Telephone Association.

Staff Summary of Public Testimony on Recommended First Substitute (Ways & Means): PRO: At this time, only 50 percent of Washington have high-speed internet service. This bill will lay the groundwork for the expansion of high-speed internet service across the state.

Persons Testifying (Ways & Means): PRO: Melissa Gombowksi, Communications Workers of America.

House Amendment(s): Requires DIS to report to the Legislature by December 2008 on options for implementing a statewide high-speed internet deployment and adoption strategy to:

- develop geographic information system maps and inventories of public and private high-speed internet infrastructure;
- address management of proprietary and competitively sensitive data;
- spur development of high-speed internet resources across the state;
- track residential and business adoption of high-speed internet; and
- use local technology planning teams to help with internet deployment to disenfranchised or unserved areas.

Prohibits DIS or any other governmental entity from gathering or requesting proprietary or competitively sensitive information from telecommunications or internet service providers pursuant to the statewide high-speed internet deployment and adoption effort.

Requires DIS to publish a web directory of public facilities that provide community technology programs throughout the state.

Requires Washington State University Extension to administer a Community Technology Opportunity Program and Opportunity Account to provide training and assistance for low-income and under-served residents on use of information and communication technologies.

Adds a null and void clause and requires DIS to include high-speed internet deployment in its 2009-11 strategic plan if the act becomes null and void.