

SENATE BILL REPORT

SB 5175

As Reported by Senate Committee On:
Business, Financial Services & Trade, January 28, 2021

Title: An act relating to the authority of the community economic revitalization board with respect to loans and grants to local governments and federally recognized Indian tribes for broadband.

Brief Description: Concerning the authority of the community economic revitalization board.

Sponsors: Senators Nguyen, Wellman, Das, Hasegawa, Saldaña and Wilson, C..

Brief History:

Committee Activity: Business, Financial Services & Trade: 1/21/21, 1/28/21 [DP].

Brief Summary of Bill

- Establishes an appropriated loan and grant program for financing broadband infrastructure projects under the authority of the Community Economic Revitalization Board.

SENATE COMMITTEE ON BUSINESS, FINANCIAL SERVICES & TRADE

Majority Report: Do pass.

Signed by Senators Mullet, Chair; Hasegawa, Vice Chair; Dozier, Ranking Member; Brown, Frockt, Hobbs and Wilson, L.

Staff: Kellee Gunn (786-7429)

Background: Community Economic Revitalization Board. The Community Economic Revitalization Board (CERB) was formed in 1982 to respond to local economic development in Washington communities. CERB provides funding in the form of low-interest loans and grants to local governments and federally recognized tribes for public infrastructure projects supporting private sector development.

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.

CERB consists of 20 members, four of which are state legislators, representing private and public sectors from across the state. CERB sets policy and selects projects to receive financing assistance. The Department of Commerce provides administrative support to CERB.

Community Economic Revitalization Board Rural Broadband Program. In 2018, the Legislature provided CERB with \$10 million to administer grants and loans for infrastructure for high-speed, open-access broadband service with a minimum of 25 megabits per second download speed in rural and underserved counties and communities for the purpose of economic development or community development. The following biennium, the 2019-2021 capital budget provided \$3.45 million to continue broadband projects funded from the 2017–19 appropriations.

Besides the requirement that the project be located in a rural and underserved community, the loan is limited to \$2 million maximum per project. Grants are available up to 50 percent of the total award, determined by the underwriting process and debt service coverage ratio.

Rural Broadband Program projects cannot result in retail development; gambling; job displacement from one part of the state to another; be located outside the jurisdiction of the applicant; for the deployment of publicly owned telecommunication network infrastructure solely for its sake; or for certain equipment or facilities which the entity is not currently authorized by statute to provide.

Summary of Bill: An appropriated loan and grant program is created under the authority of CERB for financing broadband infrastructure projects.

Local governments and federally recognized tribes may apply to CERB for financing to build infrastructure for high speed, open-access broadband service. To qualify for financing, a project's purpose must be economic or community development. Each application must be approved by the local government and supported by the local associate development organization, the local workforce council, or by the governing body of the federally recognized tribe before being considered. Grants cannot make up more than 50 percent of the award.

Approved projects for CERB's broadband infrastructure program must:

- drive job creation, promote innovation, and expand markets for local businesses; or
- serve the ongoing and growing needs of local education systems, public safety systems, industries, businesses, government operations, and citizens.

Projects will not be approved if they promote or facilitate gambling.

When evaluating and prioritizing projects, CERB must give consideration to each project's:

- value to the community, including evidence of support from affected local business

- and government;
- feasibility;
- commitment of local matching resources and participation;
- inclusion in a capital facilities plan, comprehensive plan, or local economic development plan consistent with applicable state planning requirements; and
- readiness to proceed.

Every local government and federally recognized tribe seeking financial assistance must demonstrate that no other timely source of funding is available at similar cost.

Appropriation: None.

Fiscal Note: Requested on January 14, 2021.

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: PRO: This codifies proviso language to give CERB the authority to fund broadband projects. CERB has been doing economic development for Washington State since the 1980s. This bill will allow CERB to help local governments get broadband in a way that other agencies cannot. At the beginning of the rural broadband program, the Port of Skagit worked with CERB to build fiber out to five communities. The original project was going to serve over 300 homes but, with CERB's help, it will now serve over 1000 homes. CERB funding has been critical and with their help the Port of Skagit was able to accelerate broadband efforts by ten years.

The assistance of CERB gives certainty to the private sector for these projects. This program brings broadband carriers onto the project earlier in the process than otherwise, which gives applicants ability to leverage private resources sooner. CERB helps small communities leverage federal funds. There is a huge demand across the state for broadband. CERB's program is run by exceptionally qualified staff and its model works to get projects up and going.

Persons Testifying: PRO: Senator Joe Nguyen, Prime Sponsor; Randy Hayden, Community Economic Revitalization Board Chair, Port of Pasco; Michael Echanove, Community Economic Revitalization Board Vice Chair; Sara Young, Port of Skagit; Andrea Alexander, Tribal Tech Training T3; Joe Poire, Port of Whitman County.

Persons Signed In To Testify But Not Testifying: No one.