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**Innovation, Community & Economic  
Development, & Veterans Committee**

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**HB 1738**

**Brief Description:** Concerning the state universal communication services program.

**Sponsors:** Representatives Ryu and Pollet.

**Brief Summary of Bill**

- Extends the expiration date of the State Universal Communications Services Program to June 30, 2034.

**Hearing Date:** 2/7/23

**Staff:** Emily Poole (786-7106).

**Background:**

The State Universal Communications Services Program (Program) was established in 2014 to provide temporary support to Washington's smaller incumbent telephone companies. The Program originally expired in 2019 but was extended and now expires June 30, 2024.

The Program supports continued provision of basic telecommunication services under rates, terms, and conditions established by the Utilities and Transportation Commission (UTC) and the provision, enhancement, and maintenance of broadband services. Under the Program, eligible communications providers may receive distributions from the Program in exchange for an agreement to provide continued telecommunications services under the rates, terms, and conditions established by the UTC, and broadband services, for the period covered by the distribution.

A communications provider is eligible to receive distributions from the Program if:

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- the provider is an incumbent local exchange carrier and has fewer than 40,000 lines in the state or is a radio communications service company providing wireless two-way voice communications service and broadband services to less than the equivalent of 40,000 access lines in the state;
- the provider has adopted a plan to provide, enhance, or maintain broadband services in its service area; and
- the provider meets any other criteria established by the UTC.

A communications provider other than a provider meeting the criteria above is eligible to receive distributions from the program if the provider:

- demonstrates to the UTC that the provider is able to provide the same or comparable services at the same or similar service quality standards at a lower price;
- will provide communications services to all customers in the exchange or exchanges in which it will provide service; and
- submits to the UTC's regulation of its service as if it were the incumbent local exchange company serving the exchange or exchanges for which it seeks distribution from the account.

To receive a distribution from the Program, the eligible communications provider must affirmatively consent to continue providing services to its customers under rates, terms, and conditions established by the UTC for the period covered by the distribution. Distribution amounts to eligible communications providers are based on criteria established by the UTC.

Expenditures from the Program may not exceed \$5 million per fiscal year. If less than \$5 million is expended in any fiscal year, the unexpended portion must be carried over to subsequent fiscal years and be available for program expenditures in subsequent fiscal years in addition to the \$5 million allotted for each of the subsequent fiscal years. The Program is funded from amounts deposited by the Legislature into the Universal Communications Services Account. The UTC must operate the Program within amounts appropriated.

**Summary of Bill:**

The Program terminates on June 30, 2034.

The UTC must review rules adopted to implement the program no less than every five years.

A communications provider is eligible to receive distributions from the Program if, in addition to other criteria, the provider has adopted a plan to provide, enhance, and maintain broadband services in its service area.

**Appropriation:** None.

**Fiscal Note:** Requested on February 6, 2023.

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