

SENATE BILL REPORT

HB 1982

As of February 12, 2024

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

Brief Description: Concerning the authority of the community economic revitalization board with respect to loans and grants to political subdivisions and federally recognized Indian tribes for broadband.

Sponsors: Representatives Waters, Shavers, Ryu, Couture, Ramos, McClintock, Callan, Cheney, Doglio, Sandlin, Paul, Harris, Berg, Tharinger, Riccelli and Santos.

Brief History: Passed House: 2/8/24, 97-0.

Committee Activity: Business, Financial Services, Gaming & Trade: 2/15/24.

Brief Summary of Bill

- Authorizes the Community Economic Revitalization Board to make broadband loans and grants to governmental entities in rural and underserved areas for the purpose of economic or community development.

SENATE COMMITTEE ON BUSINESS, FINANCIAL SERVICES, GAMING & TRADE

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.

Community Economic Revitalization Board Rural Broadband Program. In 2018 the Legislature provided \$10 million to CERB 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. Since 2018 CERB has received a total of a little over \$38 million in capital budget appropriations for these broadband projects, with most of the funding coming from federal funds.

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

The 2018 capital budget program language established certain limitations on what the program could fund. It could not fund projects:

- whose primary purpose is retail development or to facilitate gambling;
- resulting in job displacement from one part of the state to another;
- located outside the jurisdiction of the applicant;
- the deployment of publicly owned telecommunication network infrastructure, or "backbone", solely for its sake; or
- certain equipment or facilities which the entity is not currently authorized by statute to provide.

Summary of Bill: CERB is authorized to make rural broadband loans and grants to local governments and to federally recognized Indian tribes in rural and underserved areas for the purpose of economic or community development.

Applications for funding must be made in the form and manner determined by CERB. The board may provide financial assistance for projects located in a rural community, as defined by CERB, or located in a rural county, that encourage, foster, develop, and improve broadband within the state to:

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

When evaluating and prioritizing projects, CERB must consider:

- the project's value to the community;
- the project's feasibility;
- commitment of local matching resources and participation;
- use of a technology neutral approach to expand access at the lowest cost;
- inclusion in a capital facilities plan, comprehensive plan, or local economic

- development plan consistent with state planning requirements; and
- the project's readiness.

All applications must be approved by the local government and supported by the local associate development organization or approved by the governing body of the federally recognized tribe. A reasonable official of the local government or the tribe must be present during CERB deliberations and provide information upon request. Before funding assistance may be approved, the local government or tribe must demonstrate that no other timely source of funding, at similar cost, is available.

CERB may allow de minimis general system improvements to be funded if they are critically important to the viability of the project.

No financial assistance shall go to:

- a project whose primary purpose is to facilitate or promote retail shopping;
- a project for the expansion or for the deployment of publicly owned telecommunications network infrastructure, or "backbone"; or
- solely for the sake of creating a competitive, publicly owned telecommunications network infrastructure.

Broadband is defined as a network of deployed telecommunications equipment and technologies necessary to provide high-speed internet access and other advanced telecommunications services.

Appropriation: None.

Fiscal Note: Available.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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