



BILL BRIEF

HB 1336 – Public Telecommunications Service

Key provisions

- Authorizes public utility districts, port districts, second-class cities, towns, and counties to provide retail telecommunications services.
- Washington has 28 Public Utility Districts and 75 Port Districts that would be authorized to provide retail telecommunications services under this bill. Currently, 16 PUDs provide telecommunications services. With very limited exceptions, they are limited to wholesale service.

Background

Six percent of Washington residents have no broadband – that’s 460,000 residents. Judging from the 33,000 plus survey responses at the State Broadband Office speed test [website](#), the number of citizens with slow broadband is potentially as high as forty percent. Washington has set a state goal for all Washington businesses and residences to have access to at least one provider of broadband with download speeds of at least 150 megabits per second. [RCW 43.330.536](#).

PUDs and Port Districts have authority to build and operate telecommunications facilities within or without the district limits for either internal needs or to provide wholesale telecommunications services within the district. Those that provide telecommunications services must keep separate accounting of revenues and expenditures.

First class cities, code cities, and charter counties may provide telecommunications services as part of their “home rule powers,” except as may be limited by specific statutory language. Second-class cities and towns do not have authority to provide telecommunications services.

Currently, 14 PUDs offer wholesale telecommunications:



PUDs that do not offer wholesale telecommunications include Wahkiakum, Cowlitz, Clark, Skamania, Klickitat, Kittitas, Asotin, Ferry, Thurston, Snohomish, and Whatcom.

Key messages

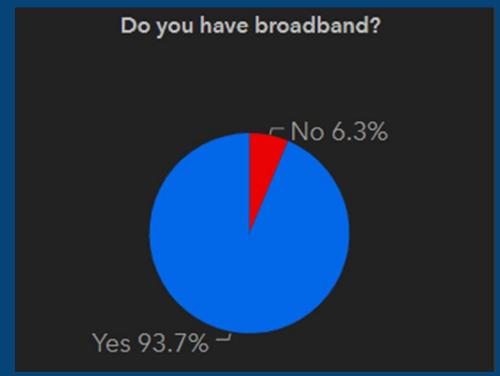
It’s clear WA has a broadband problem, but unclear if this proposal would help; public agency broadband could hurt private investment.

More state grants could help. In 2020, Washington state’s Public Works Board authorized over \$17 million in grants and loans for broadband. Less than one-third the amount requested in applications.

6% of WA residents have no broadband – 460,000 people.

40% do not have true broadband speed.

Graphic: State Broadband Speed Test



Wholesale authority, in practice, means leasing fiber optic cable to a retail service provider (also called an Internet Service Provider (ISP)), who connects the end-user and bills the customer for service.

Existing state law that defines the powers and duties of the State Broadband Office provides a definition of “unserved areas” as “areas of Washington in which households and businesses lack access to broadband service, as defined by the office, except that the state's definition for broadband service may not be actual speeds less than twenty-five megabits per second download and three megabits per second upload.” [RCW 43.330.530\(10\)](#).

What this legislation does

- Authorizes ports and Public Utility Districts to provide retail broadband within their district or without by way of a contract with another political subdivision or federally recognized tribe.
- Five second-class cities and 68 towns in Washington would be authorized to have the option to provide broadband services within their jurisdictions. (Charter and code cities already have this authority).
- Counties would be authorized to provide broadband within their jurisdiction.

Reasons to support

- There are geographic areas that the private market will not serve due to a lack of sufficient return on investment, and many of these areas are in rural Washington. Economic development will suffer without a public effort to connect homes and businesses with urban-quality broadband speed.
- State grant funding itself is an inadequate solution. Demand for state grants to build broadband far exceeds available funding by 310 percent. In 2020, the Public Works Board awarded over \$17 million in grants and loans for broadband construction, but applicants requested more than \$73 million dollars for 29 projects. In the 2018-2020 period, the Community & Economic Revitalization Board put out nearly \$12 million in low-interest loans for 42 broadband projects in 43 communities.

Reasons to oppose

- This legislation provides no protection against overbuild—using public dollars to lay fiber to homes and businesses already served by a private broadband provider is inefficient and duplicative.
- Nonprofit providers like PUDs may be able to offer faster internet at a lower price, taking major business and government customers first, rather than the unserved, thereby disrupting the private telecom business model and driving out private providers. The result could be fewer choices and far less investment in Washington.

Fiscal information

- No impact to state general fund. Local fiscal impact is indeterminate because the number of jurisdictions who will participate is unknown, and the costs to provide services depend on geography and population density, etc.
- Impact on the capital budget is subject to appropriation by the legislature.

Stakeholders

- WA PUD Assn., WA Public Ports Assn., WA State Assn. of Counties, Assn WA Cities, WA State PTA, WA State School Directors, North Olympic Legislative Alliance, Suquamish, Hoh Tribe, Muckleshoot Tribe, Port of Skagit, Port of Chehalis, Lewis County PUD, Kitsap PUD, WEA, NoaNet, City of Olympia, Port of Willapa
- Con: TechNet, AWB, Broadband Communications Assn. of WA, Washington Independent Telephone, Comcast, AT&T, Verizon