

A-Engrossed
Senate Bill 470

Ordered by the Senate March 23
Including Senate Amendments dated March 23

Sponsored by Senators MONNES ANDERSON, NELSON (at the request of Oregon Telecommunications Coordinating Council)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Directs Economic and Community Development Department to establish and administer grant program for purpose of improving [*capacity and accessibility of Oregon's Internet exchanges and Internet web-hosting facilities*] **Oregon Internet exchange accessibility, capacity and connectivity and expanding Oregon web-hosting capabilities**. Allocates moneys from Administrative Services Economic Development Fund to department to implement program.

A BILL FOR AN ACT

1
2 Relating to the Internet; and limiting expenditures.

3 Whereas the Legislative Assembly has declared that it is the immediate economic strategy of
4 the state to focus on strategies and investments that maximize the economic benefit to the state of
5 the global shift to an information-, science- and technology-driven economy, and to attract and en-
6 courage industries and companies that make significant use of the high-capacity telecommuni-
7 cations-, science- and technology-related manufacturing processes typical of these emerging
8 economic sectors; and

9 Whereas the Legislative Assembly has declared that it is the goal of this state to promote access
10 to broadband services for all Oregonians in order to improve the economy in Oregon; and

11 Whereas the Legislative Assembly has found that the construction, improvement and expansion
12 of the state's telecommunications infrastructure provides the basic framework for continuing and
13 expanding economic activity in this state, thereby providing jobs and economic opportunity for the
14 people of Oregon; and

15 Whereas the Internet and Internet Protocol (IP) networks and technologies are emerging as an
16 infrastructure necessary for the conduct of commerce and communication and necessary to establish
17 and maintain Oregon's global competitiveness; and

18 Whereas the network performance and quality of Internet data transmissions, especially for
19 time-sensitive applications such as voice and video, will be enhanced by the improved routing of
20 Oregon Internet traffic; and

21 Whereas Oregon currently has only two Internet exchanges, located in Portland and Eugene;
22 and

23 Whereas improved Internet connectivity within Oregon's different geographic regions will ex-
24 pand the potential for Internet-intensive businesses to locate in different parts of Oregon; now,
25 therefore,

26 **Be It Enacted by the People of the State of Oregon:**

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 **SECTION 1.** (1) The Economic and Community Development Department shall establish
2 and administer a grant program designed to promote:

3 (a) Expanding and extending self-sustaining Internet exchanges to all geographic areas
4 of the state.

5 (b) Improving Oregon Internet exchange accessibility, capacity and connectivity.

6 (c) Increasing the volume of Internet traffic in Oregon by expanding Oregon web-hosting
7 capabilities.

8 (2) The department shall make grants under the program established pursuant to this
9 section that promote the goals specified in subsection (1) of this section. Individual grants
10 under the program may not exceed \$150,000. Grants may be made only for the purpose of:

11 (a) Increasing the number of, and improving the capacity and accessibility of, Oregon
12 Internet exchanges; and

13 (b) Improving the capacity and accessibility of Internet web-hosting facilities located in
14 the state.

15 (3) The Oregon Economic and Community Development Commission shall adopt rules:

16 (a) Governing the submission and processing of applications for grants under this sec-
17 tion;

18 (b) Establishing a process for evaluating and approving applications for grants; and

19 (c) Establishing a process for tracking and reporting the effectiveness of the grants in
20 meeting the goals specified in subsection (1) of this section.

21 (4) Subject to subsection (5) of this section, any person or public body, as defined in ORS
22 174.109, may apply for grants under the program established pursuant to this section.

23 (5) A public body, as defined in ORS 174.109, other than an institution of higher education,
24 may apply for a grant under the program established pursuant to this section only if the
25 public body makes a joint application for the grant with a for-profit corporation and has en-
26 tered into an agreement with the for-profit corporation for implementation of the program
27 to be funded by the grant.

28 **SECTION 2.** (1) There is allocated to the Economic and Community Development De-
29 partment from the Administrative Services Economic Development Fund the amount iden-
30 tified in subsection (2) of this section.

31 (2) Notwithstanding any other law limiting expenditures, the amount of \$1 million is es-
32 tablished for the biennium beginning July 1, 2007, as the maximum limit for payment of
33 grants and expenses by the Economic and Community Development Department from the
34 Administrative Services Economic Development Fund under the grant program established
35 pursuant to section 1 of this 2007 Act.

36 (3) The allocation of moneys from the Administrative Services Economic Development
37 Fund under this section is subject to the requirements in section 4, Article XV of the Oregon
38 Constitution, for deposit of specified amounts of the net proceeds from the Oregon State
39 Lottery into the Education Stability Fund and into the Parks and Natural Resources Fund
40 and shall be made only after satisfaction or payment of:

41 (a) Amounts allocated to Westside lottery bonds issued under ORS 391.140 or to the re-
42 serves or any refunding related to the Westside lottery bonds in accordance with the priority
43 for allocation and disbursement established by ORS 391.130;

44 (b) All liens, pledges or other obligations relating to lottery bonds or refunding lottery
45 bonds that are due or payable during the biennium beginning July 1, 2007; and

1 (c) Amounts required by any other pledges of, or liens on, net proceeds from the Oregon
2 State Lottery.

3 SECTION 3. The Economic and Community Development Department shall make a report
4 to the Seventy-fifth Legislative Assembly, in the manner provided by ORS 192.245, on the
5 implementation of the grant program established under section 1 of this 2007 Act.
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