

HB 4023 B STAFF MEASURE SUMMARY

Joint Committee On Information Management and Technology

Action Date: 02/23/18

Action: Do pass with amendments to the A-Eng bill, and be referred to Ways and Means by prior reference. (Printed B-Eng).

House Vote

Yeas: 2 - Clem, Nathanson

Nays: 1 - Nearman

Senate Vote

Yeas: 2 - DeBoer, Riley

Nays: 1 - Linthicum

Fiscal: Fiscal impact issued

Revenue: No revenue impact

Prepared By: Sean McSpaden, Committee Coordinator

WHAT THE MEASURE DOES:

Directs Oregon Broadband Advisory Council to study options for a local broadband champion program and report findings to Legislative Assembly by December 1, 2018. Creates the Connecting Oregon Schools Fund for the purpose of providing matching funds for federal moneys received by school districts for broadband access. Establishes eligibility criteria and requires State Board of Education to adopt rules. Appropriates \$750,000 from General Fund to the Connecting Oregon Schools Fund. Declares emergency, effective upon passage.

ISSUES DISCUSSED:

- Benefits of Connecting Oregon Schools Fund - establishment of E-Rate matching funds; leveraging state and federal dollars to provide enhanced broadband services to rural Oregon
- Importance of local broadband champions to rural Oregon access to broadband services
- Recommended amendment to the measure
- Existing State of Oregon and Oregon University contracts with telecommunications providers to establish OregonFIBER network and future contracts for last-mile broadband connections to network
- Importance of broadband access made possible by OregonFIBER network to tribal governments and other public bodies
- Importance of broadband access to Oregon public safety, healthcare, education, economic development and other public policy, program, and service areas
- Focus on providing broadband access and services to underserved and unserved areas of Oregon
- Need to avoid overbuilding of fiber resources and direct competition with the private sector
- Impact of delay of amendment adoption on OregonFIBER network design and broadband service access by tribal governments, local governments, schools, libraries, and other special districts throughout Oregon
- Legislative intent on extended duration and substance of rulemaking process.
- Legislative intent on involvement of telecommunications service providers and other stakeholders in rulemaking
- Legislative oversight of rulemaking, broadband service access, and service delivery

EFFECT OF AMENDMENT:

Allows State Chief Information Officer (CIO) to provide broadband communications services upon request to local governments, special districts and federally recognized Indian tribes in Oregon via one of two paths: 1) A process to be described in rule - if it's determined that services to be provided would not duplicate services already offered by telecommunications providers in area to be served; 2) Following a public hearing and adoption of a resolution by governing body of a municipality or other public body in area to be served by State CIO - finding that proposed broadband services and operations are necessary and would not otherwise be provided by for-profit entity within

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reasonable time and for reasonable cost. Requires State CIO to adopt rules for providing services under extended rule-making process - utilizing inclusive rules advisory committee designed to ensure full participation by interested parties prior to rule adoption. Requires State CIO to present proposed rules to Joint Legislative Committee on Information Management and Technology prior to rule adoption.

BACKGROUND:

House Bill 3158 (2009) created the Oregon Broadband Advisory Council, which is supported by the Oregon Business Development Department. The mission of the Council is to encourage coordination and collaboration between organizations and economic sectors to leverage the development and utilization of broadband data transmission for education, workforce development, and telehealth, and to promote broadband utilization by citizens and communities. The Council is required to report on the affordability, accessibility and use of broadband in Oregon and its role in economic development to the Joint Legislative Committee on Information Management and Technology by November 1 of every even-numbered year.

The Universal Service Administrative Company (USAC) is an independent, not-for-profit corporation created in 1997 to collect universal service contributions from telecommunications carriers for administration of programs designed to help communities across the country secure access to affordable telecommunications services. USAC administers universal service programs for high-cost companies in rural areas, low-income consumers, rural health care providers, schools, and libraries under the oversight of the Federal Communications Commission (FCC). The universal service Schools and Libraries Program, commonly known as "E-rate," provides discounts of up to 90 percent to help eligible schools and libraries in the United States obtain affordable telecommunications and Internet access. The FCC created a new state match in December 2014 that provides eligible applicants with an up to 10 percent additional discount for special construction charges and matches state funding for eligible projects on a dollar-to-dollar basis.

The State CIO has formed a partnership with Oregon's four research universities, called OregonFIBER, to provide more affordable, reliable, and higher speed broadband connectivity to state agencies and partner universities. OregonFIBER will utilize and connect existing fiber resources to create a public core fiber network, with last mile connectivity to state office and university locations provided by telecommunications service providers operating throughout Oregon. State agency and university facilities are located in communities all across Oregon - often within a few miles or just down the street from tribal government, local government, school, library, and other public body locations. Under current law, the State CIO is authorized to provide advanced digital telecommunications (i.e. broadband) services only to state agencies, and non-profit organizations under certain circumstances. Under current law, these tribal governments and other public bodies would be unable to access the enhanced broadband communications services made possible by the OregonFIBER network.