

BILL ANALYSIS

C.S.H.B. 2423
By: Anderson, Charles "Doc"
State Affairs
Committee Report (Substituted)

BACKGROUND AND PURPOSE

It has been noted that many rural Texans lack access to broadband Internet service. With the continuing reliance on high-speed Internet connectivity in our daily lives, concerns have been raised that this lack of broadband service access is leaving rural communities behind with regard to access to education, healthcare services, and economic development opportunities. C.S.H.B. 2423 seeks to promote and provide for expanded broadband service access by establishing a broadband office within the Public Utility Commission of Texas and requiring the office to establish a grant program for projects that stimulate the installation and maintenance of broadband service in unserved areas of Texas.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the Public Utility Commission of Texas in SECTION 1 of this bill.

ANALYSIS

C.S.H.B. 2423 amends the Utilities Code to establish the broadband office within the Public Utility Commission of Texas (PUC) and to authorize the PUC to employ additional employees necessary for the discharge of the office's duties. The bill sets out the office's powers and duties, which include the following, among others:

- facilitating and coordinating the efforts of state agencies, hospitals, schools, and local units of government, including regional planning commissions, in connection with the planning and deployment of projects for broadband service, as defined by the bill;
- developing proposals for broadband service investment and deployment strategies for unserved areas in rural communities and other areas of Texas;
- promoting and coordinating public sector and private sector broadband service solutions in support of statewide broadband service development goals;
- pursuing and obtaining federal sources of broadband service funding; and
- managing and awarding funds allocated to the office for broadband service projects.

The bill limits the applicability of its provisions to broadband service provided by a private sector provider and expressly does not grant the PUC authority to regulate broadband service or broadband service providers or, except as required of a grant applicant or recipient, to require broadband service providers to submit information to the PUC or require or authorize the PUC to require a broadband service provider or telecommunications provider to participate in any broadband service planning, activities, or initiatives conducted by the broadband office or the PUC.

C.S.H.B. 2423 requires the broadband office to establish a competitive grant program to provide grants to applicants for the expansion of access to broadband service in areas that are unserved in relation to broadband services. The bill restricts provision of a grant by the broadband office to a project to provide broadband service in such an unserved area. The bill requires the office to establish and publish eligibility criteria for grant recipients and sets out requirements for those criteria. The bill provides for the contents of a grant application and for notice of an entity's intent to submit such an application. The bill requires the PUC by rule to adopt minimum service standards for broadband service provided by a grant recipient in the project territory and sets out requirements for those standards. The bill sets out provisions relating to the office's duties in relation to the application process and grant awards, a grant recipient's noncompliance with applicable commission rules and standards, notification on project completion, and a biennial report to the legislature on the program.

C.S.H.B. 2423 establishes the broadband investment account in the general revenue fund and sets out the composition of the account. The bill restricts the appropriation of money in the account to the office for purposes of the grant program and exempts the account from the application of statutory provisions relating to the disposition of interest on investments in state funds and accounts. The bill authorizes the office to accept gifts, grants, and donations from any source that are made for the program's purposes and requires the office to deposit any such money received to the credit of the account. The bill requires the PUC by rule to implement and administer the grant program.

EFFECTIVE DATE

September 1, 2019.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 2423 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute limits its applicability to only broadband services provided by a private sector provider. The substitute does not include a provision making certain public projects eligible for the grant program.

The substitute treats "broadband service" in a manner similar to the introduced version's treatment of "broadband" and revises the related definition.

The substitute includes a definition of "unserved area" in relation to broadband services and treats unserved areas in a manner similar to the introduced version, but does not include treatment of "underserved areas."

The substitute includes hospitals and schools among the entities for which the office is required to facilitate and coordinate efforts in connection with broadband services.

The substitute includes a provision establishing that the bill's provisions do not grant the PUC the authority to regulate broadband services or broadband service providers or to require or authorize the PUC to require a broadband service provider or telecommunications provider to participate in any broadband service planning, activities, or initiatives conducted by the broadband office or the PUC.

The substitute revises the purposes for which the broadband office is required to provide grants. The substitute does not include the requirement for the PUC to adopt standards by rule for a project eligible to be awarded a grant by the office. The substitute includes a requirement for the

PUC to adopt by rule minimum service standards for broadband service provided by a grant recipient. The substitute includes certain requirements for the office and for grant applicants and recipients.

The bill includes a requirement for the submission of a biennial report on the grant program to the legislature.