

By: King of Hemphill, Morales of Maverick,  
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H.B. No. 425

A BILL TO BE ENTITLED

1 AN ACT  
2 relating to the use of the universal service fund for the provision  
3 of broadband service in underserved rural areas.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Section 56.001, Utilities Code, is amended to  
6 read as follows:

7 Sec. 56.001. DEFINITIONS. In this chapter:

8 (1) "Broadband service" means a mass-market retail  
9 service by wire or radio that provides the capability to transmit  
10 data to and receive data from all or substantially all Internet  
11 endpoints. The term includes any capabilities that are incidental  
12 to and enable the operation of the communications service but does  
13 not include dial-up Internet access service.

14 (2) "Broadband service provider" means a provider of  
15 broadband service.

16 (3) [~~(1)~~] "Department" means the Department of  
17 Assistive and Rehabilitative Services.

18 (4) [~~(2)~~] "Designated provider" means a  
19 telecommunications provider designated by the commission to  
20 provide services to an uncertificated area under Subchapter F.

21 (5) [~~(2-a)~~] "Executive commissioner" means the  
22 executive commissioner of the Health and Human Services Commission.

23 SECTION 2. Subchapter A, Chapter 56, Utilities Code, is  
24 amended by adding Section 56.003 to read as follows:

1       Sec. 56.003. JURISDICTION OVER BROADBAND SERVICE  
2 PROVIDERS. (a) The commission has jurisdiction relating to  
3 broadband service providers only as necessary to enforce this  
4 chapter and rules adopted under this chapter.

5       (b) This chapter does not otherwise grant the commission  
6 authority to regulate broadband services or broadband service  
7 providers.

8       SECTION 3. Section 56.021, Utilities Code, is amended to  
9 read as follows:

10       Sec. 56.021. UNIVERSAL SERVICE FUND ESTABLISHED. The  
11 commission shall adopt and enforce rules requiring local exchange  
12 companies, and only those broadband service providers that elect to  
13 participate in the program under Subchapter I, to establish a  
14 universal service fund to:

15               (1) assist telecommunications providers in providing  
16 basic local telecommunications service at reasonable rates in high  
17 cost rural areas under two plans:

18                       (A) the Texas High Cost Universal Service Plan  
19 (16 T.A.C. Section 26.403); and

20                       (B) the Small and Rural Incumbent Local Exchange  
21 Company Universal Service Plan (16 T.A.C. Section 26.404);

22               (2) reimburse the telecommunications carrier that  
23 provides the statewide telecommunications relay access service  
24 under Subchapter D;

25               (3) finance the specialized telecommunications  
26 assistance program established under Subchapter E;

27               (4) reimburse the department and the commission for

1 costs incurred in implementing this chapter and Chapter 57;

2 (5) reimburse a telecommunications carrier providing  
3 lifeline service as provided by 47 C.F.R. Part 54, Subpart E, as  
4 amended;

5 (6) finance the implementation and administration of  
6 the identification process under Section 17.007 for  
7 telecommunications services;

8 (7) reimburse a designated provider under Subchapter  
9 F;

10 (8) reimburse a successor utility under Subchapter G;  
11 ~~and~~

12 (9) finance the program established under Subchapter  
13 H; and

14 (10) provide support for the rural broadband service  
15 program established under Subchapter I.

16 SECTION 4. Section 56.022, Utilities Code, is amended to  
17 read as follows:

18 Sec. 56.022. UNIFORM CHARGE. (a) The universal service  
19 fund is funded by a statewide uniform charge payable by each:

20 (1) telecommunications provider that has access to the  
21 customer base; and

22 (2) broadband service provider only to the extent the  
23 provider elects to participate in the program under Subchapter I.

24 (b) Each [A] telecommunications provider and each broadband  
25 service provider that elects to participate in the program under  
26 Subchapter I shall pay the charge in accordance with procedures  
27 approved by the commission.

1 (c) The uniform charge is on services and at rates the  
2 commission determines. In establishing the charge and the services  
3 to which the charge will apply, the commission may not:

4 (1) grant an unreasonable preference or advantage to a  
5 telecommunications provider or a broadband service provider that  
6 elects to participate in the program under Subchapter I;

7 (2) assess the charge on pay telephone service; or

8 (3) subject a telecommunications provider or electing  
9 broadband service provider to unreasonable prejudice or  
10 disadvantage.

11 (d) The commission may establish separate uniform charges  
12 for telecommunications providers and broadband service providers.

13 (e) Money from the uniform charge on telecommunications  
14 providers may only be used to fund programs under Sections  
15 56.021(1) through (9). Money from the uniform charge on broadband  
16 service providers that elect to participate in the program under  
17 Subchapter I may only be used to fund the rural broadband service  
18 program under Section 56.021(10).

19 (f) The commission may assess a uniform charge on a  
20 broadband service provider only if the provider notifies the  
21 commission of the provider's election to participate in the program  
22 established under Subchapter I.

23 (g) A broadband service provider may notify the commission  
24 at any time of the provider's intention to discontinue its  
25 participation in the program established under Subchapter I. The  
26 provider's election to discontinue participation is effective on  
27 the 60th day after the date that the commission receives the

1 notification.

2 SECTION 5. Subchapter B, Chapter 56, Utilities Code, is  
3 amended by adding Section 56.0235 to read as follows:

4 Sec. 56.0235. COMMISSION POWERS AND DUTIES RELATING TO  
5 ELECTING BROADBAND SERVICE PROVIDERS. In addition to the powers  
6 and duties provided by Section 56.023, the commission shall:

7 (1) adopt eligibility criteria for broadband service  
8 providers that elect to participate in the program under Subchapter  
9 I and review procedures, including a method for administrative  
10 review, the commission finds necessary to fund the universal  
11 service fund in accordance with Section 56.022(f) for the purposes  
12 of Subchapter I and to make distributions from that fund to electing  
13 broadband service providers;

14 (2) determine which electing broadband service  
15 providers meet the eligibility criteria; and

16 (3) approve procedures for the collection and  
17 disbursal to electing broadband service providers of the revenue of  
18 the universal service fund received from electing broadband service  
19 providers.

20 SECTION 6. Sections 56.024(a) and (b), Utilities Code, are  
21 amended to read as follows:

22 (a) The commission may require a telecommunications  
23 provider, or a broadband service provider that elects to  
24 participate in the program under Subchapter I, to provide a report  
25 or information necessary to assess contributions, broadband  
26 charges, and disbursements to the universal service fund.

27 (b) A report or information the commission requires a

1 telecommunications provider, or a broadband service provider that  
2 elects to participate in the program under Subchapter I, to provide  
3 under Subsection (a) is confidential and not subject to disclosure  
4 under Chapter 552, Government Code.

5 SECTION 7. Chapter 56, Utilities Code, is amended by adding  
6 Subchapter I to read as follows:

7 SUBCHAPTER I. RURAL BROADBAND SERVICE PROGRAM

8 Sec. 56.351. SUPPORT FOR BROADBAND SERVICES IN UNDERSERVED  
9 RURAL AREAS. (a) The commission shall provide from the universal  
10 service fund support for broadband service providers to offer  
11 retail broadband service in underserved rural areas of this state  
12 at rates comparable to the benchmark rates established by the  
13 Federal Communications Commission.

14 (b) Support received under this subchapter may not be used  
15 for a purpose other than a purpose described by Subsection (a).

16 (c) The commission by rule shall adopt criteria for areas of  
17 this state to qualify as underserved rural areas for the purposes of  
18 this subchapter.

19 (d) A broadband service provider must notify the commission  
20 of the provider's election to participate in the program  
21 established under this subchapter and pay the uniform charge under  
22 Section 56.022 before the provider may receive support under this  
23 subchapter.

24 Sec. 56.352. NETWORK STANDARDS. The commission by rule  
25 shall establish standards for networks built or maintained using  
26 support disbursed under this subchapter. The standards must  
27 require a network to provide broadband service and be consistent

1 with standards established by the federal government.

2 Sec. 56.353. ACCOUNTING. The commission shall adopt rules  
3 to ensure that support provided under this subchapter is calculated  
4 in a manner that is consistent with standard accounting principles.

5 SECTION 8. This Act takes effect September 1, 2021.