A BILL TO BE ENTITLED

AN ACT

relating to the use of the universal service fund for the provision
of broadband service in underserved rural areas.

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

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

Sec. 56.001. DEFINITIONS. In this chapter:

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

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

(3) "Department" means the Department of
Assistive and Rehabilitative Services.

(4) "Designated provider" means a
telecommunications provider designated by the commission to
provide services to an uncertificated area under Subchapter F.

(5) "Executive commissioner" means the
executive commissioner of the Health and Human Services Commission.

SECTION 2. Subchapter A, Chapter 56, Utilities Code, is
amended by adding Section 56.003 to read as follows:
Sec. 56.003. JURISDICTION OVER BROADBAND SERVICE PROVIDERS. (a) The commission has jurisdiction relating to broadband service providers only as necessary to enforce this chapter and rules adopted under this chapter.

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

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

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

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

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

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

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

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

(4) reimburse the department and the commission for

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costs incurred in implementing this chapter and Chapter 57;
(5) reimburse a telecommunications carrier providing
lifeline service as provided by 47 C.F.R. Part 54, Subpart E, as
amended;
(6) finance the implementation and administration of
the identification process under Section 17.007 for
telecommunications services;
(7) reimburse a designated provider under Subchapter
F;
(8) reimburse a successor utility under Subchapter G;
[and]
(9) finance the program established under Subchapter
H; and
(10) provide support for the rural broadband service
program established under Subchapter I.

SECTION 4. Section 56.022, Utilities Code, is amended to
read as follows:
Sec. 56.022. UNIFORM CHARGE. (a) The universal service
fund is funded by a statewide uniform charge payable by each:
(1) telecommunications provider that has access to the
customer base; and
(2) broadband service provider only to the extent the
provider elects to participate in the program under Subchapter I.
(b) Each [A] telecommunications provider and each broadband
service provider that elects to participate in the program under
Subchapter I shall pay the charge in accordance with procedures
approved by the commission.
(c) The uniform charge is on services and at rates the commission determines. In establishing the charge and the services to which the charge will apply, the commission may not:

(1) grant an unreasonable preference or advantage to a telecommunications provider or a broadband service provider that elects to participate in the program under Subchapter I;
(2) assess the charge on pay telephone service; or
(3) subject a telecommunications provider or electing broadband service provider to unreasonable prejudice or disadvantage.

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

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

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

(g) A broadband service provider may notify the commission at any time of the provider's intention to discontinue its participation in the program established under Subchapter I. The provider's election to discontinue participation is effective on the 60th day after the date that the commission receives the
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SECTION 5. Subchapter B, Chapter 56, Utilities Code, is amended by adding Section 56.0235 to read as follows:

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

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

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

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

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

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

(b) A report or information the commission requires a
telecommunications provider, or a broadband service provider that
elects to participate in the program under Subchapter I, to provide
under Subsection (a) is confidential and not subject to disclosure
under Chapter 552, Government Code.

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

SUBCHAPTER I. RURAL BROADBAND SERVICE PROGRAM

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

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

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

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

Sec. 56.352. NETWORK STANDARDS. The commission by rule
shall establish standards for networks built or maintained using
support disbursed under this subchapter. The standards must
require a network to provide broadband service and be consistent
with standards established by the federal government.

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

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