

Capital Budget Committee

HB 2016

Brief Description: Concerning an additive capital budget for state matching funds and federal expenditure authority for broadband.

Sponsors: Representatives Tharinger and Parshley.

Brief Summary of Bill

- Appropriates \$1.2 billion in federal expenditure authority and \$280 million in state matching funding for the Broadband Equity, Access, and Deployment Program.

Hearing Date: 2/25/25

Staff: John Wilson-Tepeli (786-7115).

Background:

Broadband Equity, Access, and Deployment Program.

Program Description. The federal Broadband Equity, Access, and Deployment (BEAD) Program was established in 2021 under the Infrastructure Investment and Jobs Act. The program, which is administered by the National Telecommunications and Information Administration (NTIA), is intended to expand access to high-speed internet through federal grants to states and territories for capital projects.

BEAD Program Application. The BEAD application process is administered by the Washington State Broadband Office (WSBO) within the Department of Commerce (Commerce). The program requires a minimum 25 percent non-federal match for deployment projects, with exceptions for high-cost area projects and non-deployment projects. Organizations eligible to

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apply for funding through the BEAD program include cooperatives, nonprofit organizations, public-private partnerships, private companies, public or private utilities, public utility districts, and local and tribal governments.

Applications are first evaluated and prioritized by the WSBO. Selected applications are then submitted in a single package as the state's final proposal for BEAD funding to the NTIA. The state's proposal must include specific project details and document how the 25 percent match is being achieved. Following initial NTIA approval of state proposals, final state proposals are due within 365 days. Washington's initial proposal was approved by the NTIA in May 2024.

State and Federal Funding. The 2023-25 Capital Budget appropriated \$50 million in general obligation bonds from the State Building Construction Account as match funding to support projects proposed by public entities and tribes and selected by the WSBO to be included in the state's final proposal to the NTIA for the federal BEAD grant. Subsequently, the 2024 Supplemental Capital Budget included a statement of legislative intent to provide sufficient funding to match federal funding available during the 2025-2027 biennium. Washington's federal BEAD allocation totals \$1.2 billion. Governor Inslee's proposed 2025-27 Capital Budget includes an additional \$230 million appropriation of general obligation bonds as non-federal funding match, which would result in a total of \$280 million provided as match for federal BEAD grants.

Summary of Bill:

An additive capital budget is adopted to appropriate state matching funds and federal expenditure authority for the BEAD Program.

Account Creation. The Federal Broadband Mapping Account is amended to create the Federal Broadband Account-State (FBA-S) for the exclusive purpose of funding broadband activities authorized under federal law and for non-federal match requirements. Federal funding received by Commerce for broadband activities must be used in accordance with any federal requirements and, subject to those requirements, may be distributed by the Commerce on a competitive basis to other entities in the state.

State and Federal Appropriations. An appropriation of \$280 million in general obligation bonds is made from the State Building Construction Account, transferred to the FBA-S in fiscal year 2025, and then appropriated from the newly created FBA-S account. The funding is then reappropriated from the FBA-S account in the 2025-27 biennium. The state funding is provided solely for Commerce's administration of the BEAD program and the appropriation is contingent on the receipt of federal BEAD grant funding.

In addition, \$1.2 billion in federal expenditure authority is appropriated to reflect the state's estimated federal BEAD allocation. Within this amount, \$300,000 is provided for a staff position dedicated to advising the WSBO on the availability and feasibility of deploying new and emerging technologies in broadband internet service.

Existing BEAD appropriations from the 2023-25 Biennial Capital Budget and the 2024 Supplemental Capital Budget are repealed to conform with these changes.

BEAD Program Administration. To the extent permitted by federal law, the WSBO must provide state match only for projects where the lead applicant is a public or tribal government entity. The WSBO must allocate state match funds in a manner that prioritizes projects based on affordability, fair labor practices, speed to deployment, open access, local and tribal coordination, and the provision of digital navigation services, as outlined in the scoring criteria contained in the plan submitted by the WSBO to the NTIA.

In addition to the scoring and weighting criteria established for the BEAD Program, the WSBO must establish additional secondary selection criteria, including, but not limited to, criteria that give weight to projects that: a) provide open-access wholesale last-mile broadband service for the useful life of the subsidized networks on fair, equal, and neutral terms to all potential retail providers; and b) demonstrate support from the local government or any tribal government with oversight over the location or locations to be served.

Appropriation: The sum of \$1,507,742,000.

Fiscal Note: Not requested.

Effective Date: Section 4 of the bill contains an emergency clause and takes effect on July 1, 2025. The remainder of the bill contains an emergency clause and takes effect immediately.