


[Home](#)
[Bill Information](#)
[California Law](#)
[Publications](#)
[Other Resources](#)
[My Subscriptions](#)
[My Favorites](#)

AB-1425 California Advanced Services Fund: Broadband Public Housing Account. (2021-2022)

SHARE THIS:



Date Published: 07/15/2021 09:00 PM

AMENDED IN SENATE JULY 15, 2021

AMENDED IN SENATE JULY 01, 2021

AMENDED IN ASSEMBLY MAY 24, 2021

CALIFORNIA LEGISLATURE— 2021–2022 REGULAR SESSION

ASSEMBLY BILL

NO. 1425

Introduced by Assembly Member Gipson

February 19, 2021

An act to amend Section 281 of, and to add Section 281.4 to, the Public Utilities Code, relating to telecommunications.

LEGISLATIVE COUNSEL'S DIGEST

AB 1425, as amended, Gipson. California Advanced Services Fund: Broadband Public Housing Account.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including telephone corporations. Existing law requires the commission to develop, implement, and administer the California Advanced Services Fund (CASF) program to encourage deployment of high-quality advanced communications services to all Californians that will promote economic growth, job creation, and the substantial social benefits of advanced information and communications technologies. Existing law authorizes the commission to impose a surcharge to collect \$330,000,000 for deposit into the CASF beginning January 1, 2018, and continuing through the 2022 calendar year. Existing law establishes 4 accounts, the Broadband Infrastructure Grant Account, the Rural and Urban Regional Broadband Consortia Grant Account, the Broadband Public Housing Account, and the Broadband Adoption Account within the CASF and specifies the amount of surcharge revenues to be deposited into each account, subject to appropriation by the Legislature. Existing law provides that moneys in the Broadband Public Housing Account are available for grants and loans to publicly supported communities to finance projects to connect those communities to broadband networks. Existing law provides that moneys in the Broadband Public Housing Account that have not been awarded by December 31, 2020, are transferred back to the Broadband Infrastructure Grant Account.

This bill would, beginning January 1, 2022, transfer \$25,000,000 to the Broadband Public Housing Account for providing grants to finance ~~projects~~ *projects, as specified*, to connect a broadband network that offers free broadband services to residents of publicly subsidized multiunit housing complexes and other low-income ~~communities~~ *communities if the commission determines that sufficient funds are available for that purpose*. The bill would establish that the goal of the Broadband Public Housing Account is to provide connectivity to all

residents of publicly subsidized multiunit housing by 2025 or as soon as practicable thereafter. If the collection of the surcharge for the CASF program is extended beyond the 2022 calendar year, the bill would transfer annually \$25,000,000 to the Broadband Public Housing ~~Account~~ *Account, if the commission determines that sufficient funds are available for that purpose*, until the goal of the fund is achieved or until the collection of the surcharge is terminated, whichever occurs earlier.

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. (a) The Legislature finds and declares all of the following:

(1) The availability of high-speed internet access, referred to generically as "broadband" and including both wired and wireless technologies, is essential 21st century infrastructure for economic competitiveness and quality of life. Economic studies confirm that the use of broadband technologies increases economic productivity as a foundation for increased efficiency in organizational operations and enhanced profitability in business.

(2) Broadband infrastructure is also vital to the operation and management of other critical infrastructure, such as energy generation systems and the electrical grid, water supply systems, and public safety and emergency response networks. There is a need for world-class broadband infrastructure throughout California to support these major infrastructure investments, and thereby to protect lives, property, and the environment.

(3) Residents qualifying to reside in publicly subsidized multiunit housing complexes are by definition among the poorest and most disadvantaged Californians in need of additional assistance to rise above existing levels of poverty.

(4) Approximately 40 percent of all residents in publicly subsidized multiunit housing complexes remain unconnected at home to the internet and that percentage has not increased substantially since the enactment of the Internet for All Now Act (Chapter 851 of the Statutes of 2017). Further, the majority of residents in publicly subsidized multiunit housing complexes who are connected at home have only a smartphone, which inhibits children from succeeding in school and adults from improving workforce skills.

(5) Residents in publicly subsidized multiunit housing complexes cannot afford market-rate home internet subscription plans without cutting into limited resources for other subsistence necessities.

(6) The governmental and nonprofit organizational owners of publicly subsidized multiunit housing complexes operate on established budgets to secure subsidies and do not have the resources to pay for internet service for all residents at the rates commonly offered by internet service providers. Older existing publicly subsidized multiunit housing complexes need special assistance because they were constructed without accommodating high-speed internet service infrastructure and the cost for retrofitting these complexes is beyond the available funding for these organizations.

(7) The status of internet nonconnectivity for residents in publicly subsidized multiunit housing complexes falls short of the Legislature's intent to achieve world-class broadband infrastructure throughout California, and to be a national leader in the deployment and adoption of broadband technology in implementing high-quality universal access for all residents.

(8) In enacting Chapter 507 of the Statutes of 2013, it was the intent of the Legislature that the state should seek to get all residents in publicly subsidized multiunit housing complexes connected to high-speed internet service in their residential units to help them save time and money and thereby assist them in becoming more self-sufficient.

(9) In enacting the Internet for All Now Act, it was the intent of the Legislature that:

(A) California be a national leader and globally competitive in the deployment and adoption of broadband technology and in implementing high-quality universal access for all residents.

(B) California achieve, no later than December 31, 2022, the goal of no less than 98 percent of households in each consortia region having access to broadband internet by fostering private investment, maximizing California's ability to obtain available federal funds, and administering the California Advanced Services Fund to fund broadband infrastructure where private investments and federal funds are not available and not use moneys in that fund to overbuild the broadband infrastructure.

(C) The state encourage collaboration among stakeholders and promote public-private partnerships to harness the expertise and strengths of all partners to serve the public interest.

(b) (1) The Legislature declares that it is the policy of the state to seek to ensure that all residents in publicly subsidized multiunit housing complexes are connected to high-speed internet service in their residential units to assist them in increasing educational achievement, improve workforce skills, seek employment paying living wages, expand access to health and medical care, protect personal security and public safety, and enhance quality of life to rise above existing levels of poverty.

(2) (A) The California Broadband Council developed the California State Broadband Action Plan: Broadband for All, prepared in response to California Executive Order N-73-20, in 2020 with the understanding that broadband access, adoption, and training are essential components of digital equity.

(B) The plan focuses on achieving all of the following long-term goals:

(i) All Californians have high-performance broadband available at home, schools, libraries, and businesses.

(ii) All Californians have access to affordable broadband and the devices necessary to access the internet.

(iii) All Californians can access training and support to enable digital inclusion.

(C) It is the intent of the Legislature to support the goals of the council's plan, specifically, the need to provide those living in publicly subsidized housing with access to affordable broadband.

(3) The Legislature encourages the Public Utilities Commission, by this act, to ensure broadband connectivity for residents in publicly subsidized multiunit housing complexes through installed broadband infrastructure for access at affordable rates in residential dwelling units, access to an appropriate computing device, and digital literacy proficiency to use those devices.

SEC. 2. Section 281 of the Public Utilities Code is amended to read:

281. (a) The commission shall develop, implement, and administer the California Advanced Services Fund program to encourage deployment of high-quality advanced communications services to all Californians that will promote economic growth, job creation, and the substantial social benefits of advanced information and communications technologies, consistent with this section and with the statements of intent in Section 2 of the Internet for All Now Act (Chapter 851 of the Statutes of 2017).

(b) (1) (A) The goal of the program is, no later than December 31, 2022, to approve funding for infrastructure projects that will provide broadband access to no less than 98 percent of California households in each consortia region, as identified by the commission on or before January 1, 2017. The commission shall be responsible for achieving the goals of the program.

(B) (i) Except as provided in clause (ii), for purposes of this section, "unserved household" means a household for which no facility-based broadband provider offers broadband service at speeds of at least six megabits per second (mbps) downstream and one mbps upstream.

(ii) For projects funded, in whole or in part, from moneys received from the federal Rural Digital Opportunity Fund, "unserved household" means a household for which no facility-based broadband provider offers broadband service at speeds consistent with the standards established by the Federal Communications Commission pursuant to In the Matter of Rural Digital Opportunity Fund, WC Docket No. 19-126, Report and Order, FCC 20-5 (adopted January 30, 2020, and released February 7, 2020), or as it may be later modified by the Federal Communications Commission.

(2) In approving infrastructure projects, the commission shall do both of the following:

(A) Approve projects that provide last-mile broadband access to households that are unserved by an existing facility-based broadband provider, and, upon accomplishment of the goal of the program specified in paragraph (1), also approve projects pursuant to paragraph (15) of subdivision (f).

(B) (i) Give preference to projects in areas where internet connectivity is available only through dial-up service that are not served by any form of wireline or wireless facility-based broadband service or areas with no internet connectivity.

(ii) This subparagraph does not prohibit the commission from approving funding for projects outside of the areas specified in clause (i).

(c) The commission shall establish the following accounts within the fund:

(1) The Broadband Infrastructure Grant Account.

(2) The Rural and Urban Regional Broadband Consortia Grant Account.

(3) The Broadband Public Housing Account.

(4) The Broadband Adoption Account.

(d) (1) The commission shall transfer the moneys received by the commission from the surcharge imposed to fund the accounts to the Controller for deposit in the California Advanced Services Fund. Moneys collected shall be deposited in the following amounts in the following accounts:

(A) Three hundred million dollars (\$300,000,000) into the Broadband Infrastructure Grant Account.

(B) Ten million dollars (\$10,000,000) into the Rural and Urban Regional Broadband Consortia Grant Account.

(C) Twenty million dollars (\$20,000,000) into the Broadband Adoption Account.

(2) All interest earned on moneys in the fund shall be deposited in the fund.

(3) The commission may collect a sum not to exceed three hundred thirty million dollars (\$330,000,000) for a sum total of moneys collected by imposing the surcharge described in paragraph (1). The commission may collect the sum beginning with the calendar year starting on January 1, 2018, and continuing through the 2022 calendar year, in an amount not to exceed sixty-six million dollars (\$66,000,000) per year, unless the commission determines that collecting a higher amount in any year will not result in an increase in the total amount of all surcharges collected from telephone customers that year.

(e) All moneys in the California Advanced Services Fund shall be available, upon appropriation by the Legislature, to the commission for the program administered by the commission pursuant to this section, including the costs incurred by the commission in developing, implementing, and administering the program and the fund.

(f) (1) The commission shall award grants from the Broadband Infrastructure Grant Account on a technology-neutral basis, including both wireline and wireless technology.

(2) The commission shall consult with regional consortia, stakeholders, local governments, existing facility-based broadband providers, and consumers regarding unserved areas and cost-effective strategies to achieve the broadband access goal through public workshops conducted at least annually no later than April 30 of each year through year 2022.

(3) The commission shall identify unserved rural and urban areas and delineate the areas in the annual report prepared pursuant to Section 914.7.

(4) (A) (i) The commission shall annually offer an existing facility-based broadband provider the opportunity to demonstrate that it will deploy broadband or upgrade existing facilities to a delineated unserved area within 180 days.

(ii) Except as provided in clause (iii), the commission shall not approve funding for a project to deploy broadband to a delineated unserved area if the existing facility-based broadband provider demonstrates to the commission, in response to the commission's annual offer, that it will deploy broadband or upgrade existing broadband service throughout the project area.

(iii) If the existing facility-based broadband provider is unable to complete the deployment of broadband within the delineated unserved area within 180 days, the provider shall provide the commission with information to demonstrate what progress has been made or challenges faced in completing the deployment. If the commission finds that the provider is making progress towards the completion of the deployment, the commission shall extend the time to complete the project beyond the 180 days. If the commission finds that the provider is not making progress towards completing the deployment, the delineated unserved area shall be eligible for funding pursuant to this subdivision.

(B) (i) Except for information specified in clause (ii), information submitted to the commission that includes the provider's plans for future broadband deployment shall not be publicly disclosed.

(ii) The commission may publicly disclose information regarding the area designated for a broadband deployment, the number of households or locations to be served, and the estimated date by which the

deployment will be completed.

(C) An existing facility-based broadband provider may, but is not required to, apply for funding from the Broadband Infrastructure Grant Account to make an upgrade pursuant to this subdivision.

(5) Projects eligible for grant awards shall meet all of the following requirements:

(A) The project deploys infrastructure capable of providing broadband access at speeds of a minimum of 10 megabits per second (mbps) downstream and 1 mbps upstream to unserved households in census blocks where no provider offers access at speeds of at least 6 mbps downstream and 1 mbps upstream.

(B) All or a significant portion of the project deploys last-mile infrastructure to provide service to unserved households. Projects that only deploy middle-mile infrastructure are not eligible for grant funding. For a project that includes funding for middle-mile infrastructure, the commission shall verify that the proposed middle-mile infrastructure is indispensable for accessing the last-mile infrastructure.

(C) (i) Except as provided in clause (ii), until July 1, 2020, the project is not located in a census block where an existing facility-based broadband provider has accepted federal funds for broadband deployment from Phase II of the Connect America Fund, unless the existing facility-based broadband provider has notified the commission before July 1, 2020, that it has completed its Connect America Fund deployment in the census block.

(ii) An existing facility-based broadband provider is eligible for a grant pursuant to this subdivision to supplement a grant pursuant to Phase II of the Connect America Fund to expand broadband service within identified census blocks, as needed.

(6) (A) An individual household or property owner shall be eligible to apply for a grant to offset the costs of connecting the household or property to an existing or proposed facility-based broadband provider. Any infrastructure built to connect a household or property with funds provided under this paragraph shall become the property of, and part of, the network of the facility-based broadband provider to which it is connected.

(B) (i) In approving a project pursuant to this paragraph, the commission shall consider limiting funding to households based on income so that funds are provided only to households that would not otherwise be able to afford a line extension to the property, limiting the amount of grants on a per-household basis, and requiring a percentage of the project to be paid by the household or the owner of the property.

(ii) The aggregate amount of grants awarded pursuant to this paragraph shall not exceed five million dollars (\$5,000,000).

(7) An entity that is not a telephone corporation shall be eligible to apply to participate in the program administered by the commission pursuant to this section to provide access to broadband to an unserved household, if the entity otherwise meets the eligibility requirements and complies with program requirements established by the commission.

(8) The commission shall provide each applicant, and any party challenging an application, the opportunity to demonstrate actual levels of broadband service in the project area, which the commission shall consider in reviewing the application.

(9) A local governmental agency may be eligible for an infrastructure grant only if the infrastructure project is for an unserved household or business, the commission has conducted an open application process, and no other eligible entity applied.

(10) The commission shall establish a service list of interested parties to be notified of any California Advanced Services Fund applications. Any application and any amendment to an application for project funding shall be served to those on the service list and posted on the commission's internet website at least 30 days before publishing the corresponding draft resolution.

(11) A grant awarded pursuant to this subdivision may include funding for the following costs consistent with paragraph (5):

(A) Costs directly related to the deployment of infrastructure.

(B) Costs to lease access to property or for internet backhaul services for a period not to exceed five years.

(C) Cost incurred by an existing facility-based broadband provider to upgrade its existing facilities to provide for interconnection.

(12) The commission may award grants to fund all or a portion of the project. The commission shall determine, on a case-by-case basis, the level of funding to be provided for a project and shall consider factors that include, but are not limited to, the location and accessibility of the area, the existence of communication facilities that may be upgraded to deploy broadband, and whether the project makes a significant contribution to achievement of the program goal.

(13) The commission may require each infrastructure grant applicant to indicate steps taken to first obtain any available funding from the Connect America Fund program or similar federal public programs that fund broadband infrastructure. This paragraph does not authorize the commission to reject a grant application on the basis that an applicant failed to seek project funding from the Connect America Fund program or another similar federal public program.

(14) Upon the accomplishment of the goal of the program specified in paragraph (1) of subdivision (b), not more than thirty million dollars (\$30,000,000) of the moneys remaining in the Broadband Infrastructure Grant Account shall be available for infrastructure projects that provide last-mile broadband access to households to which no facility-based broadband provider offers broadband service at speeds of at least 10 mbps downstream and 1 mbps upstream.

(g) (1) Moneys in the Rural and Urban Regional Broadband Consortia Grant Account shall be available for grants to eligible consortia to facilitate deployment of broadband services by assisting infrastructure applicants in the project development or grant application process. An eligible consortium may include, as specified by the commission, representatives of organizations, including, but not limited to, local and regional government, public safety, elementary and secondary education, health care, libraries, postsecondary education, community-based organizations, tourism, parks and recreation, agricultural, business, workforce organizations, and air pollution control or air quality management districts, and is not required to have as its lead fiscal agent an entity with a certificate of public convenience and necessity.

(2) Each consortium shall conduct an annual audit of its expenditures for programs funded pursuant to this subdivision and shall submit to the commission an annual report that includes both of the following:

(A) A description of activities completed during the prior year, how each activity promotes the deployment of broadband services, and the cost associated with each activity.

(B) The number of project applications assisted.

(h) (1) All remaining moneys in the Broadband Infrastructure Revolving Loan Account that are unencumbered as of January 1, 2018, shall be transferred to the Broadband Infrastructure Grant Account.

(2) All repayments of loans funded by the former Broadband Infrastructure Revolving Loan Account shall be deposited into the Broadband Infrastructure Grant Account.

(i) (1) Moneys in the Broadband Adoption Account shall be available to the commission to award grants to increase publicly available or after school broadband access and digital inclusion, such as grants for digital literacy training programs and public education to communities with limited broadband adoption, including low-income communities, senior communities, and communities facing socioeconomic barriers to broadband adoption.

(2) Eligible applicants are local governments, senior centers, schools, public libraries, nonprofit organizations, and community-based organizations with programs to increase publicly available or after school broadband access and digital inclusion, such as digital literacy training programs.

(3) Payment pursuant to a grant for digital inclusion shall be based on digital inclusion metrics established by the commission that may include the number of residents trained, the number of residents served, or the actual verification of broadband subscriptions resulting from the program funded by the grant.

(4) The commission shall, in a new or existing proceeding, develop, by June 30, 2018, criteria for awarding grants and a process and methodology for verifying outcomes. The commission shall be prepared to accept applications for grants from the Broadband Adoption Account no later than July 1, 2018.

(5) The commission shall give preference to programs in communities with demonstrated low broadband access, including low-income communities, senior communities, and communities facing socioeconomic barriers to broadband adoption. In the proceeding specified in paragraph (4), the commission shall determine how best to prioritize projects for funding pursuant to this paragraph.

(6) Moneys awarded pursuant to this subdivision shall not be used to subsidize the costs of providing broadband service to households.

(j) The commission shall post on the homepage of the California Advanced Service Fund on its internet website a list of all pending applications, application challenge deadlines, and notices of amendments to pending applications.

(k) The commission shall notify the appropriate policy committees of the Legislature on the date on which the goal specified in paragraph (1) of subdivision (b) is achieved.

SEC. 3. Section 281.4 is added to the Public Utilities Code, to read:

281.4. (a) For purposes of this section, the following definitions apply:

(1) "Low-income community" means a community, including, but not limited to, a publicly supported community, and other housing developments or mobilehome parks with low-income residents, as determined by the commission.

(2) "Publicly subsidized" means either that the housing development receives financial assistance from the United States Department of Housing and Urban Development pursuant to an annual contribution contract or is financed with low-income housing tax credits, tax-exempt mortgage revenue bonds, general obligation bonds, or local, state, or federal loans or grants and the rents of the occupants, who are lower income households, do not exceed those prescribed by deed restrictions or regulatory agreements pursuant to the terms of the financing or financial assistance.

(3) "Publicly supported community" means a publicly subsidized multifamily housing development that is wholly owned by either of the following:

(A) A public housing agency that has been chartered by the state, or by any city or county in the state, and has been determined to be an eligible public housing agency by the United States Department of Housing and Urban Development.

(B) An incorporated nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code (26 U.S.C. Sec. 501(c)(3)) that is exempt from taxation under Section 501(a) of that code (26 U.S.C. Sec. 501(a)), and that has received public funding to subsidize the construction or maintenance of housing occupied by residents whose annual income qualifies as "low" or "very low" income according to federal poverty guidelines.

(b) The goal of this section is to provide connectivity to all residents in publicly subsidized multiunit housing by 2025, or as soon as practicable thereafter, by awarding grants to eligible applicants.

(c) (1) Beginning January 1, 2022, the commission shall deposit not less than twenty-five million dollars (\$25,000,000) of the surcharge collected pursuant to Section 281 in the Broadband Public Housing Account for the purposes of this ~~section~~ *section if the commission determines that sufficient funds are available for this purpose*.

(2) If the collection of the surcharge pursuant to Section 281 is extended beyond December 31, 2022, except as provided in paragraph (3), the commission shall annually transfer twenty-five million dollars (\$25,000,000) of the surcharge collected to the Broadband Public Housing Account for the purposes of this ~~section~~ *section if the commission determines that sufficient funds are available for this purpose*.

(3) (A) Paragraph (2) becomes inoperative on the earlier of the date when the collection of the surcharge is terminated or when all of the following occur:

(i) The commission makes a formal finding that the goal set forth in subdivision (b) has been achieved.

(ii) The commission submits the formal finding to the Legislature, in accordance with Section 9795 of the Government Code.

(iii) Upon the submission of the finding pursuant to clause (ii), the Legislature holds a public hearing on the findings.

(B) Any unencumbered moneys in the Broadband Public Housing Account as of the date when paragraph (2) becomes inoperative shall be transferred to the Broadband Infrastructure Grant Account.

(d) *(1)* On and after July 1, 2022, and until the date paragraph (2) of subdivision (c) becomes inoperative, the commission shall award grants to low-income communities that otherwise meet eligibility requirements and comply with program requirements established by the commission.

(2) If, as a part of the program established pursuant to this section, the commission allocates moneys from the Broadband Public Housing Account for broadband adoption projects, the commission shall annually specify the amount in the Broadband Public Housing Account that is available for grants to fund infrastructure projects and the amount in the account that is available for grants to fund adoption projects.

(e) Moneys deposited into the Broadband Public Housing Account established pursuant to paragraph (3) of subdivision (c) of Section 281 shall be available for grants to low-income communities to finance *infrastructure* projects to connect a broadband network that offers free broadband service that meets or exceeds state and federal standards for the residents of the low-income community. A low-income community may be an eligible applicant only if the low-income community does not have access to any broadband provider that offers free broadband service that meets or exceeds state and federal standards for the residents of the low-income community.