

BILL ANALYSIS

H.B. 425
By: King, Ken
State Affairs
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The universal service funding mechanism was established to provide support for telecommunications services in high cost and rural areas. There have been calls to use the mechanism to create a program funded by broadband providers to expand broadband service access and help more rural Texans benefit from modern technology advancements. H.B. 425 seeks to answer these calls by creating a rural broadband service program under the universal service fund.

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 SECTIONS 3 and 7 of this bill.

ANALYSIS

H.B. 425 amends the Utilities Code to establish a rural broadband service program under which the Public Utility Commission of Texas (PUC) is required to provide support from the universal service fund for broadband service providers to offer retail broadband service in underserved rural areas of Texas at rates comparable to the benchmark rates established by the Federal Communications Commission. The bill establishes what constitutes broadband service, prohibits support received under the program from being used for another purpose, and requires the PUC by rule to adopt criteria for areas of Texas to qualify as underserved rural areas for purposes of the program. The bill requires the PUC by rule to establish standards for networks built or maintained using support disbursed under the program and sets out requirements for those standards. The bill requires the PUC to adopt rules to ensure that support provided under the program is calculated in a manner that is consistent with standard accounting principles.

H.B. 425 provides for the imposition of a uniform charge on each broadband service provider that elects to participate in the rural broadband service program to help fund the universal service fund. The bill authorizes the PUC to establish separate uniform charges for telecommunications providers and participating broadband service providers and restricts the use of money from the uniform charge on such providers to the funding of programs applicable to the respective provider. The bill requires the PUC's rules regarding the establishment of a universal service fund to provide for the involvement of participating broadband service providers and for the use of the fund to provide support for the rural broadband service program.

H.B. 425 clarifies that the PUC may assess a uniform charge on a broadband service provider only if the provider notifies the PUC of its election to participate in the rural broadband service

program. The bill requires a provider to notify the PUC of its election to participate and pay the uniform charge before receiving support under the program and authorizes a participating provider to notify the PUC at any time of the provider's intention to discontinue its participation. An election to discontinue participation takes effect on the 60th day after the date the PUC receives the notification.

H.B. 425 sets out specific PUC powers and duties with regard to broadband service providers that elect to participate in the rural broadband service program, including duties relating to the adoption of program eligibility criteria and certain review procedures; the determination of eligibility; and the approval of procedures relating to the collection and disbursement of universal service fund revenue. The bill authorizes the PUC to require a participating provider to provide a report or information necessary to assess contributions, broadband charges, and disbursements to the universal service fund and makes the report or information confidential and not subject to disclosure under state public information law.

H.B. 425 grants the PUC jurisdiction relating to broadband service providers as necessary to enforce provisions relating to telecommunications assistance and the universal service fund and to enforce rules adopted under those provisions. The bill expressly does not otherwise grant the PUC authority to regulate broadband services or broadband service providers.

EFFECTIVE DATE

September 1, 2021.