



# Senate

General Assembly

**File No. 379**

February Session, 2008

Substitute Senate Bill No. 570

*Senate, April 1, 2008*

The Committee on Energy and Technology reported through SEN. FONFARA, J. of the 1st Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

***AN ACT CONCERNING TELECOMMUTING AND HIGH SPEED BROADBAND ACCESS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 12-81 of the 2008 supplement to the general  
2 statutes is amended by adding subdivision (77) as follows (*Effective*  
3 *October 1, 2008, and applicable to assessment years commencing on or after*  
4 *October 1, 2010*):

5 (NEW) (77) Effective for assessment years commencing on or after  
6 October 1, 2010, new computer servers, fiber optic wire and equipment  
7 or newly acquired computer servers, fiber optic wire and equipment,  
8 provided such servers, wire or equipment is (A) used by a  
9 telecommunications company in connection with updating existing or  
10 establishing new broadband or wireless Internet service infrastructure,  
11 and (B) functions at a speed or transfer rate equal to or exceeding five  
12 megabytes per second. This exemption shall be available for the same  
13 servers, wire or equipment for only two consecutive assessment years.

14       Sec. 2. (NEW) (*Effective July 1, 2008, and applicable to income years*  
15 *commencing on or after January 1, 2008*) (a) For purposes of this section,  
16 "full-time employee" means an employee required to work at least  
17 thirty-five hours per week, and does not include a temporary or  
18 seasonal employee.

19       (b) There shall be allowed as a credit against the tax imposed by  
20 chapter 208 of the general statutes on any corporation that allows its  
21 full-time employees to participate in a telecommuting or work-at-  
22 home program, in an amount equal to two thousand dollars for each  
23 calendar year such program is in effect.

24       Sec. 3. (NEW) (*Effective October 1, 2008*) (a) The Department of  
25 Economic and Community Development, in consultation with the  
26 Department of Public Utility Control and the Broadband Internet  
27 Coordinating Council, established pursuant to section 4d-100 of the  
28 2008 supplement to the general statutes, shall, within available  
29 appropriations, establish a public-private partnership to develop a  
30 comprehensive, state-wide high speed Internet deployment strategy  
31 and adoption initiative to (1) ensure that all state residents and  
32 businesses unserved by high speed Internet service, as defined in the  
33 Code of Federal Regulations as of January 1, 2008, have access to  
34 affordable and reliable high speed Internet service; (2) achieve  
35 improved technology literacy, increased computer ownership and  
36 home high speed Internet use among state residents and businesses;  
37 (3) establish and empower local grassroots technology teams to plan  
38 for improved technology use across multiple community sectors; and  
39 (4) establish and sustain an environment ripe for state-wide high speed  
40 Internet access and technology investment.

41       (b) To accomplish the objectives set forth in sections 3 to 6, inclusive,  
42 of this act, the Department of Economic and Community  
43 Development, in consultation with the Department of Public Utility  
44 Control and the Broadband Internet Coordinating Council, established  
45 pursuant to section 4d-100 of the 2008 supplement to the general  
46 statutes, shall contract with a nonprofit organization with an

47 established competency in working with public and private sectors to  
48 accomplish wide-scale deployment and adoption of  
49 telecommunications and information technology.

50 Sec. 4. (NEW) (*Effective October 1, 2008*) The public-private  
51 partnership established pursuant to section 3 of this act shall include  
52 input and cooperation among state agencies and bodies representing  
53 economic development, local community development, technology  
54 planning, education, healthcare and other relevant entities. The private  
55 entities within the partnership shall include providers of broadband  
56 service, telecommunications providers, technology companies,  
57 community-based organizations and relevant private sector entities to  
58 achieve the purposes set forth in said section 3. Private entities  
59 submitting data in connection with efforts to develop the high speed  
60 Internet deployment strategy pursuant to said section 3 shall only  
61 provide such data to the extent and in the format the data is  
62 maintained in the normal course of business. Any information  
63 designated by the providing entity as confidential or proprietary shall  
64 be treated as such and governed by an appropriate nondisclosure  
65 agreement. The data submitted by providing entities pursuant to this  
66 section shall not be subject to disclosure under chapter 14 of the  
67 general statutes.

68 Sec. 5. (NEW) (*Effective October 1, 2008*) The high speed Internet  
69 service deployment strategy and adoption initiative established  
70 pursuant to section 3 of this act shall include, but not be limited to:

71 (1) Creating a geographic state-wide inventory of high speed  
72 Internet service and other relevant telecommunications and  
73 information technology services, consistent with any federal data  
74 reporting requirements. The inventory shall (A) identify geographic  
75 gaps in high speed Internet service through geographic information  
76 system mapping of service availability and geographic information  
77 system analysis at the census block level; (B) provide a baseline  
78 assessment of state-wide high speed Internet deployment in terms of  
79 percentage of households with high speed Internet availability; and (C)

80 provide updates to these data every six months;

81 (2) Tracking state-wide residential and business adoption of high  
82 speed Internet, computers and related information technology through  
83 data collected directly from end-users through telephone surveys or  
84 similar methods, identifying barriers to adoption and measuring  
85 progress on these data annually;

86 (3) Building and facilitating in each county or designated region a  
87 local technology planning team with members representing a cross  
88 section of the community, including, but not limited to, representatives  
89 of business, kindergarten through grade twelve education, health care,  
90 libraries, higher education, community-based organizations, local  
91 government, tourism, parks and recreation and agriculture. Each team  
92 shall benchmark technology use across relevant community sectors, set  
93 goals for improved technology use within each sector and develop a  
94 business plan to achieve its goals, with specific recommendations for  
95 online application development and demand creation;

96 (4) Working collaboratively with high speed Internet service  
97 providers and technology companies across the state to encourage  
98 deployment and use, in underserved areas, through the use of local  
99 demand aggregation, mapping analysis and the creation of market  
100 intelligence to improve the business case for providers to deploy; and

101 (5) Establishing programs to improve computer ownership and  
102 Internet access for disenfranchised populations across the state.

103 Sec. 6. (*Effective October 1, 2008*) On or before March 1, 2009, the  
104 Department of Economic and Community Development shall report  
105 recommendations developed by the public-private partnership  
106 established pursuant to section 3 of this act to the joint standing  
107 committee of the General Assembly having cognizance of matters  
108 relating to energy and technology and commerce.

109 Sec. 7. (NEW) (*Effective October 1, 2008*) Nothing in sections 3 to 6,  
110 inclusive, of this act shall be construed as giving the Department of

111 Economic and Community Development or other entities any  
 112 additional authority, regulatory or otherwise, over providers of  
 113 telecommunications and information technology.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2008, and applicable to assessment years commencing on or after October 1, 2010</i>	12-81
Sec. 2	<i>July 1, 2008, and applicable to income years commencing on or after January 1, 2008</i>	New section
Sec. 3	<i>October 1, 2008</i>	New section
Sec. 4	<i>October 1, 2008</i>	New section
Sec. 5	<i>October 1, 2008</i>	New section
Sec. 6	<i>October 1, 2008</i>	New section
Sec. 7	<i>October 1, 2008</i>	New section

**ET**            *Joint Favorable Subst.*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either chamber thereof for any purpose:

### **OFA Fiscal Note**

#### **State Impact:**

<b>Agency Affected</b>	<b>Fund-Effect</b>	<b>FY 09 \$</b>	<b>FY 10 \$</b>
Department of Revenue Services	GF - See Below	See Below	See Below
Department of Economic & Community Development	GF - Cost	up to \$500,0000	up to \$500,0000
Department of Revenue Services	GF - Cost	25,000	None

Note: GF=General Fund

#### **Municipal Impact:**

<b>Municipalities</b>	<b>Effect</b>	<b>FY 09 \$</b>	<b>FY 10 \$</b>
All Municipalities	Grand List Reduction	None	None

#### **Explanation**

Section 1 exempts certain equipment used by telecommunications companies from the property tax, starting with the assessment year beginning October 1, 2010. This has no municipal impact until FY 12 (see below).

Section 2 establishes a \$2,000 credit per corporation against the corporation business tax for each company that allows its full-time employees to participate in a telecommuting or work-at-home program, effective January 1, 2008. This could result in a revenue loss to the General Fund of up to \$28 million per year beginning in FY 09. The estimate is based on the number of businesses that file corporation tax returns.

The Department of Revenue Services would incur a one time cost of approximately \$25,000 in FY 09 for computer programming associated with the credit.

Sections 3 through 7 require the Department of Economic and

Community Development (DECD) to establish, within available appropriations, a public-private partnership to develop a comprehensive, state-wide high speed Internet deployment strategy and adoption initiative. The project could cost DECD up to \$500,000 associated with additional personnel and consultants to manage the project, and could include best practices research, survey development and implementation, focus groups, geographic inventory and baseline assessment, planning and development, and reporting.

***The Out Years***

Section 1 will result in a significant grand list reduction for all municipalities beginning in FY 12. Municipalities could choose to increase their mill rate or modify spending to offset the decrease in property taxes. Historically, telecommunication companies have paid a total of about \$23.4 million per year to all municipalities in property taxes under CGS Sec 12-80a (Personal Property Used in Rendering Telecommunications Services).

The annualized ongoing fiscal impact identified above for Sections 2 through 7 would continue into the future subject to inflation.

**OLR Bill Analysis****sSB 570*****AN ACT CONCERNING TELECOMMUTING AND HIGH SPEED BROADBAND ACCESS.*****SUMMARY:**

This bill exempts certain information technology and telecommunications equipment used by a telecommunications company from the property tax, starting with the assessment year beginning October 1, 2010. The exemption applies to new computer servers, fiber optic wire, and equipment or newly acquired computer servers, fiber optic wire, and equipment that (1) are used to update or establish new broadband or wireless Internet service infrastructure and (2) function at a speed or transfer rate equal to or exceeding five megabytes per second. The exemption applies to a particular item or equipment for two consecutive assessment years.

The bill establishes a \$2,000 credit against the corporation business tax for each corporation that allows its full-time employees to participate in a telecommuting or work-at-home program. To be considered full-time, the employee must work at least 35 hours per week and cannot be a temporary or seasonal employee.

The bill requires the Department of Economic and Community Development (DECD) to establish, within available appropriations, a comprehensive statewide high-speed Internet deployment strategy and adoption initiative. It requires DECD to do so through a private-public partnership. By March 1, 2009, DECD must report the recommendations developed by the partnership to the Energy and Technology and Commerce committees. The bill does not give DECD, or any other entity, additional regulatory or other authority over providers of telecommunications and information technology.

EFFECTIVE DATE: July 1, 2008 and applicable to income years starting January 1, 2008 for the corporation tax credit; October 1, 2008 for the remaining provisions.

### **STATEWIDE INTERNET INITIATIVE**

The bill requires DECD to establish a public-private partnership to develop a comprehensive, state wide high-speed Internet deployment strategy and adoption initiative. DECD must do so in consultation with the Department of Public Utility Control (DPUC) and the Broadband Internet Coordinating Council. The initiative must:

1. ensure that all state residents and businesses not served by high-speed Internet service have access to affordable and reliable high-speed Internet service,
2. improve technology literacy and increase computer ownership and home high-speed Internet use among state residents and businesses,
3. establish and empower local grassroots technology teams to plan for improved technology use across multiple community sectors, and
4. establish and sustain an environment ready for statewide high speed Internet access and technology investment.

The initiative must:

1. create a statewide geographic inventory of high-speed Internet service and other relevant telecommunications and information technology services, consistent with any federal data reporting requirements, which must (a) identify geographic gaps in high-speed Internet service through geographic information system mapping of service availability and geographic information system analysis at the census block level, (b) determine the baseline level of households with high-speed Internet availability, and (c) provide updates to these data every six

months;

2. track statewide residential and business adoption of high-speed Internet, computers, and related information technology through data collected directly from end-users through telephone surveys or similar methods, identifying barriers to adoption and measuring progress on the data annually;
3. build and facilitate in each county or designated region a local technology planning team with members, including representatives of business, K-12 education, health care, libraries, higher education, community-based organizations, local government, tourism, parks and recreation and agriculture, which must benchmark technology use across relevant community sectors, set goals for improved technology use within each sector, and develop a business plan to achieve its goals, with specific recommendations for online application development and demand creation;
4. work collaboratively with high-speed Internet service providers and technology companies statewide to encourage deployment and use, in underserved areas, through the use of local demand aggregation, mapping analysis, and creating of market information to improve the business case for providers to deploy; and
5. establish programs to improve computer ownership and Internet access for disenfranchised populations across the state.

To accomplish these goals, the agencies must establish a public-private partnership. The partnership must include input and cooperation among state agencies and bodies representing economic development, local community development, technology planning, education, healthcare, and other relevant entities. The private entities within the partnership must include broadband service providers, telecommunications providers, technology companies, community-based organizations and relevant private sector entities.

Private entities submitting data in connection with efforts to develop the high speed Internet deployment strategy must provide the data only to the extent and in the format maintained in the normal course of business. Any information designated by the providing entity as confidential or proprietary must be treated as such and governed by an appropriate nondisclosure agreement. The data is not subject to disclosure under the Freedom of Information Act.

To implement these provisions, the agencies must contract with a nonprofit organization with an established competency in working with public and private sectors to accomplish wide-scale deployment and adoption of telecommunications and information technology.

**COMMITTEE ACTION**

Energy and Technology Committee

Joint Favorable Substitute

Yea 22 Nay 0 (03/11/2008)