

Date of Hearing: April 30, 2025

ASSEMBLY COMMITTEE ON COMMUNICATIONS AND CONVEYANCE

Tasha Boerner, Chair

AB 353 (Boerner) – As Amended March 24, 2025

SUBJECT: Communications: broadband internet service providers: affordable home internet

SUMMARY: This bill would require every California internet service provider to offer for purchase to eligible households, as defined, within their California service territory affordable home internet service that meets minimum speed requirements.

Specifically, **this bill:**

- 1) Provides that this bill shall be known, and may be cited as, the California Affordable Home Internet Act of 2025.
- 2) Establishes definitions:
 - a. “Affordable home internet service” means an internet service plan or subscription costing no more than fifteen dollars (\$15) per month, inclusive of any recurring taxes and fees.
 - b. “California internet service provider” means an internet service provider doing business within California.
 - c. “Eligible household” means a household within the California internet service provider’s California service territory with at least one resident of the household participating in a qualified public assistance program.
 - d. “Minimum speed requirements” means at least 100 megabits per second downstream and 20 megabits per second upstream and sufficient speed and latency to support distance learning and telehealth services.
 - e. “Qualified public assistance program” means public assistance programs including the California Alternate Rates for Energy or CARE program, the Supplemental Security Income/State Supplementary Payment Program, the federal Temporary Assistance for Needy Families (TANF) program, the CalFresh program, the California Health Benefit Exchange, also known as Covered California, the Medi-Cal program, the federal Supplemental Security Income program, or financial aid programs for postsecondary education.
- 3) Requires every California internet service provider to make commercially reasonable efforts to promote and advertise the availability of affordable home internet service for eligible households, as specified.
- 4) Requires an annual report beginning on January 1, 2027 by every California internet service provider to the California Department of Technology (CDT) with specified information relating to affordable home internet plans, verification, enrollment, and denials.

EXISTING LAW:

- 1) Defines “broadband internet access service” to mean a mass-market retail service by wire or radio provided to customers in California that provides the capability to transmit data to, and receive data from, all or substantially all Internet endpoints, including, but not limited to, any capabilities that are incidental to and enable the operation of the communications service, but excluding dial-up Internet access service. (Civil Code § 3100)
- 2) Establishes the principle of the state, to ensure digital equity for all its residents, and that residents shall have access broadband that is sufficient and reliable. (Civil Code § 3122)
- 3) Declares that the offering of high-quality basic telephone service at affordable rates to the greatest number of citizens has been a longstanding goal of the state. (Public Utilities Code § 871.5)
- 4) Requires the California Public Utilities Commission (CPUC) to annually designate a class of lifeline telephone service necessary to meet minimum communication needs, to set the rates and charges for that service, develop eligibility criteria for that service, and assess the degree of achievement of universal service, including telephone penetration rates by income, ethnicity, and geography. (Public Utilities Code § 873)
- 5) Requires the California Public Utilities Commission (CPUC) to maintain and update a state broadband map which identifies, for each address in the state, each provider of broadband services that offers service at the address and the maximum speed of broadband services offered by each provider of broadband services at the address. (Public Utilities Code § 281.6)
- 6) Establishes the policy of the United States that, insofar as technically and economically feasible, broadband internet subscribers should benefit from equal access to broadband internet service. (Infrastructure Investment and Jobs Act § 60506 – Public Law 117-58)
- 7) Prohibits a state or local government from having the authority to regulate the entry of or the rates charged by any commercial mobile service or any private mobile service. (Section 332 of Title 47 of the United States Code)
- 8) Establishes the federal Telecommunications Act for the purpose of regulating interstate and foreign commerce by wire and radio in order to make available, as far as possible, to all the people of the United States, without discrimination on the basis of race, color, religion, national origin, or sex, a rapid, efficient, nation-wide, and world-wide wire and radio communication service with adequate facilities at reasonable charges, for the purpose of promoting safety of life and property through the use of wire and radio communications. (Section 151 of Title 47 of the United States Code)

FISCAL EFFECT: Unknown. This bill is keyed fiscal by the Legislative Counsel.

COMMENTS:

- 1) *Intent of this bill.* This bill intends to advance the longstanding public policy goal of universal access to telecommunications service through the mandated offering of affordable

rates, which is an established precedent in state and federal law. By requiring that ISPs offer a \$15 affordable internet plan to low-income Californians, this bill aims to ensure greater access to an essential service that enables participation in modern life, education, the economy, telehealth, and basic communication. According to the author: “High-speed broadband is an essential service that too many Californians cannot afford. However there is a lack of support for affordable broadband programs within California and across the nation. It is time our state took a proactive approach to ensuring the affordability of broadband services, just as we have historically for telephone service.”

- 2) *The price of broadband is a barrier to adoption of broadband service.* Although industry data¹ show that prices for high-speed broadband services continue to decline overall, due in part to greater infrastructure investment and competition in some markets, market prices for the lowest tiered plans are often still unaffordable to the lowest-income residents. Various industry stakeholders have warned that as a result of this bill, further investment may be stifled and prices may raise for others. As it is, there are thousands of households across the state for which broadband service is available, but the household chooses not to purchase the service – this is referred to as the broadband adoption gap. There are various factors that contribute to the broadband adoption gap, including digital skills and public awareness, but one of the leading reasons is price. According to the Broadband for All Action Plan² completed by the California Broadband Council in December of 2020, broadband affordability and adoption remains a large challenge to achieving broadband for all in the state. According to the report, 23% of California housing units—home to 8.4 million residents—do not have broadband subscriptions. To put that in context, broadband infrastructure is available to an upwards 95% of California households. According to CETF-USC Statewide Broadband Adoption Survey³ over two-thirds of respondents cited affordability as the reason they chose not to subscribe to broadband. In summary, where broadband service is available but not purchased, the price of the service is one of the leading reasons potential subscribers remain without access.

This bill aims to address the broadband adoption gap directly by requiring California ISPs to offer affordable broadband service to eligible households, which are defined as households participating in various public assistance programs. The universe of programmatic eligibility in this bill would cover low-income households widely, in effect ensuring that no low-income household is left uncovered. While the stated intent of the author is to tailor this bill to low-income households, some of the eligibility criteria may widen eligibility beyond just low-income households. For example, both the Covered California program and the inclusion of postsecondary education financial aid programs may inadvertently widen the pool of eligible households to include higher-income households as those programs do not necessarily have income limits for participation. The committee may wish to consider whether it would be reasonable to revise the list of eligible programs to more closely align the list of programs with those programs that are specifically aimed to serve low-income

¹ USTelecom – the Broadband Association. 2024 Broadband Pricing Index.

<https://www.ustelecom.org/research/2024-bpi/>

² California Department of Technology, 2020. “Broadband for All Action Plan”.

<https://broadbandcouncil.ca.gov/wp-content/uploads/sites/68/2020/12/BB4All-Action-Plan-Final.pdf>

³ University of Southern California-California Emerging Technology Fund, 2023. “2023 Statewide Digital Equity Survey” <https://s42263.pcdn.co/wp-content/uploads/2023/12/2023-Statewide-Digital-Equity-Survey-Final-Report.pdf>

households, as the author has stated. Nonetheless, the larger point remains true that for low-income households specifically broadband adoption remains a problem and this bill would provide greater access to affordable broadband services. In turn, this bill may have the effect of reducing the broadband adoption gap across the state.

- 3) *State and federal law support universal access to telecommunications service.* For decades the public policy goal of the state and federal government has supported universal access to basic telecommunications services. For decades, the preferred and most common form of telecommunications occurred through voice communications over telephone lines. Accordingly, legacy telephone service providers have been required to and continue to be required to offer a low-cost class of voice service plans for eligible households in order to make the telecommunications service widely and universally accessible. Under existing law, The Moore Universal Telephone Service Act, telephone corporations in California are required to participate in the California Lifeline program, wherein the rates of the services are strictly regulated by the California Public Utilities Commission (CPUC) in the interest of ensuring affordability for low-income households. As of the most recent figures there about 1.4 million households utilizing the program, which is only about a third of the eligible population. There are various why the Lifeline program is underutilized, including that consumer preferences have moved beyond traditional voice communications.

As technology has progressed beyond traditional landline telephones, the public policies in relation to advanced communications services, like broadband internet, has not kept pace to uphold the longstanding commitment to universal service. In turn, today's broadband adoption gap exceeds the gap of telephone adoption when rates of telephone use were the highest. For example, California's peak telephone penetration rate was in the year 2002 when 97.4% of households subscribed to home telephone service⁴. According to recent survey data published by the University of Southern California and the California Emerging Technology Fund in 2023, 91% of households across the state have subscribe to home broadband. While the gap may seem small, only about 6 points, this figures represents about 800,000 households of California's 13.43 million total households. To that end, this bill may help address the gap by advancing the longstanding public policy goal of universal service access.

- 4) *Recent efforts to address broadband affordability have faced administrative challenges.* While both the federal and state government have attempted to address the digital divide and broadband adoption gap through subsidy programs like the federal Affordable Connectivity Program (ACP) or California Lifeline, these programs have challenges of their own. For example, provider participation is limited in the California Lifeline program, in part, because participation is not mandated for California internet service providers that are not telephone corporations. In turn, California consumers have few options to utilize the program for home broadband. While the ACP did have greater participation, with 3 million California households participating, which is over double of the Lifeline program enrollment, the program has ceased operations due to budget constraints.

Finding a source of ongoing funding to provide subsidies to Californians has proven to be difficult across the board. For example, in early 2024 the federal ACP program stopped

⁴ California Public Utilities Commission, 2007. "Universal Telephone Service to Residential Customers". <https://docs.cpuc.ca.gov/published/report/72294.htm>

enrolling new participants because funding was running low. By mid-2024 the program ceased operations and Congress did not provide more funding. Aside from ACP, the California Public Utilities Commission has recently issued a ruling seeking comment on a pilot program to expand the program to standalone broadband services that are not tied to voice communications. If the CPUC were to combine the California Lifeline program subsidy with the federal Lifeline subsidy, California consumers could see a benefit of up to \$19.25. Currently, the federal Lifeline subsidy is \$9.25 and can only be used for broadband services. It remains to be seen what the CPUC will propose for the California Lifeline program, and there is pending legislation in the Senate that may address this issue further. Regardless, any subsidization of broadband services for low-income households would likely work in tandem with this legislation to provide the maximum benefit. For example, if this bill mandates a provider offer a \$15 broadband plan and the CPUC implements a program that offers eligible households up to \$19.25 per month, then some households could see service that ends up being free.

- 5) *Federal courts have upheld a similar law in New York.* As an alternative to subsidies, in 2021, the state of New York enacted a first-in-the-nation law that mandated internet service providers (ISPs) offer an affordable broadband plan to some low-income New Yorkers. The New York Affordable Broadband Act (ABA) mandates that ISPs in New York offer low-income residents reduced-cost internet plans. Specifically, qualified households in New York are required to offer access to broadband service for \$15 per month with at least 25 Mbps speeds, or \$20 per month for speeds of at least 200 Mbps. The household eligibility for that program are similar to what is proposed by this bill, although the pricing and speeds differ.

In response, the ISP industry litigated in opposition to the new law, claiming that regulation of broadband internet service rates was federally preempted under the federal Telecommunications Act. However, that legal effort on the part of the ISP industry has been unsuccessful at almost every turn. Only initially did a district court side with the industry, issuing an injunction to block the law. However, the Second Circuit Court of Appeals later reversed that decision, finding that the law could stand. The industry then appealed that decision to the United State Supreme Court, which declined to take up the case a total of two times. Despite the industry's arguments that an affordability mandate would be illegal under federal law, or would cause significant harm to the public, even the Supreme Court of the United States (SCOTUS) was not swayed by their arguments. In effect, the SCOTUS decision implies that states have the authority to enact affordability mandates in order to advance universal access to affordable home broadband service, as has been the precedent for decades. While it is likely that the ISP industry would initiate litigation against this bill if it were to become law, the recent cases cast some doubt whether those cases would be successful. For example, the ISP industry also litigated California's net neutrality laws when those were passed under federal preemption grounds, and the appeals courts ultimately upheld the law as well.

- 6) *Verification and enrollment of eligible households.* This bill would require ISPs to offer affordable broadband service to eligible households, while establishing criteria for a household to be considered eligible that is based on participation in other public assistance programs. While this bill does not require an ISP to verify eligibility or otherwise prohibit an ISP from offering affordable broadband service as widely as they please, presumably there is an interest in verifying eligibility to ensure only eligible households are able to purchase the lower priced plans. However, this bill does not propose a process or other guidance for how

an eligible household's eligibility would be verified by an ISP. This may pose a challenge for implementation, both for consumers and ISPs alike. ISPs have voiced concerns about the administrative burden of verifying eligibility for potentially hundreds of thousands of households across the state. A verification process administered by ISPs would likely require significant staff time, coordination of potentially sensitive documents, and also privacy protocols to ensure the integrity of sensitive information. From the consumer perspective, some low-income households may also be reluctant to hand over sensitive personal information to private companies. This is a particularly acute concern given recent experiences with data breaches, and greater surveillance of vulnerable communities by the federal government. If this bill should pass this committee, the author may wish to address verification and enrollment procedures more directly.

- 7) *Small ISPs may be particularly burdened by the requirements of this legislation.* The requirements of this bill as currently drafted would apply to everyone ISP in California, regardless of size. While it is difficult to get a precise estimate of the number of subscribers California ISPs have, due to confidentiality and competition concerns, the best estimates are that the largest ISPs in California serve millions of customers each and generate billions in revenue annually across their service offerings. Aside from the large ISPs, there are many smaller ISPs operating across the state that are significantly smaller in the size of their service territories and their numbers of customers. According to the Public Advocates Office of the CPUC (PAO), the combined subscriber numbers of the largest 5 providers is more than 40 times greater than the combined subscriber numbers of the 6th to 10th largest combined. Due to economies of scale, the larger ISPs would more easily be able to comply with the requirements of this bill. For example, an analysis⁵ from the PAO shows that a \$15 low-income broadband requirement would potentially reduce the combined revenues of the four largest broadband providers – AT&T, Comcast, Cox, Charter/Spectrum – by less than one percent. However, for smaller ISPs whose profit margins may be smaller, there is some risk that the mandate in this bill may be uneconomical or unprofitable. This would be a particularly significant concern in areas of the state that only have a single option for service, which may be a smaller ISP with less customers. Those small ISPs rely on a smaller base or subscribers to turn a profit in their network in order to afford the ongoing operations and maintenance costs. The committee may wish to consider an exemption threshold, specifically for smaller ISPs that operate in areas for which they are the only option for service.

- 8) *Similar/related legislation.*

- a. SB 716 (Durazo) of this session would establish a home broadband service subsidy through the California Lifeline program. The bill is pending hearing in the Senate.
- b. AB 414 (Reyes) Chapter 436, Statutes of 2023, established a digital equity Bill of Rights in statute to support consumers' right to equal access for broadband internet service within a broadband provider's service territory.
- c. AB 1588 (Wilson) of 2024, when it passed this committee, would have required the California Department of Technology (CDT) to develop and establish the Net

⁵ Public Advocate's Office, 2024. "Broadband Policy Options to Improve Affordability for Low-Income Californians." <https://www.publicadvocates.cpuc.ca.gov/-/media/cal-advocates-website/files/press-room/reports-and-analyses/250318-public-advocates-office-broadband-policy-options-to-address-affordability-in-ca.pdf>

Equality Program to ensure the state and state agencies shall only enter into a procurement contract with a qualified internet service provider (ISP) that offers affordable home internet service, as specified. The bill was later amended to address the Lifeline program and was held in Senate Appropriations committee.

- d. SB 822 (Wiener) Chapter 976, Statutes of 2018, prohibited internet service providers from engaging in specified actions concerning the treatment of Internet traffic and violating net neutrality principles.

9) *Committee amendments.*

- a. Modify the definition of “qualified public assistance program” to strike Covered California and financial aid programs for postsecondary education.
- b. Include an exception from offering an affordable broadband plan for small independent telephone corporations and their affiliates, and California internet service providers with less than 50,000 subscribers that primarily serve households for which there are no other providers.

REGISTERED SUPPORT / OPPOSITION:

Support

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 Arts for LA
 California Alliance for Digital Equity
 California Community Foundation
 Communities in Schools of Los Angeles (CISLA)
 Community Coalition of the Antelope Valley
 County of Santa Clara
 Digital Equity LA
 Electronic Frontier Foundation
 Families in Schools
 Fresno Coalition for Digital Inclusion
 Gpsn
 Hack the Hood
 Healing and Justice Center
 Institute for Local Self-reliance
 Leadingage California
 Michelson Center for Public Policy
 Nextgen California
 Our Voice: Communities for Quality Education
 Pacoima Beautiful
 Para Los Ninos
 Parent Engagement Academy
 Soledad; City of
 Tech Exchange
 Trio Plus
 Unite-la

Opposition

Advance Sf
Cal Chamber
Calbroadband
Chamber San Mateo County
CTIA
North Bay Leadership Council
Rural County Representatives of California (RCRC)
San Francisco Chamber of Commerce
San Mateo County Economic Development Association
San Rafael Chamber of Commerce
Santa Rosa Metro Chamber
Sonic Telecom, LLC
Tekify Fiber & Wireless
United States Telecom Association DbA Ustelecom - the Broadband Association
Unwired Broadband, LLC
Wispa - Broadband Without Boundaries

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