

# Fiscal Note

State of Alaska  
2018 Legislative Session

Bill Version:	HB 277
Fiscal Note Number:	1
(H) Publish Date:	3/7/2018

Identifier: HB277-LAW-CIV-02-02-2018  
 Title: BROADBAND INTERNET:  
           NEUTRALITY/REGULATION  
 Sponsor: KAWASAKI  
 Requester: House Labor & Commerce

Department: Department of Law  
 Appropriation: Civil Division  
 Allocation: Commercial and Fair Business  
 OMB Component Number: 2717

**Expenditures/Revenues**

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2019	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2019 Request	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
<b>OPERATING EXPENDITURES</b>	<b>FY 2019</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
<b>Total Operating</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Fund Source (Operating Only)**

None							
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Positions**

Full-time							
Part-time							
Temporary							

**Change in Revenues**

None							
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Estimated SUPPLEMENTAL (FY2018) cost:** 0.0 *(separate supplemental appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

**Estimated CAPITAL (FY2019) cost:** 0.0 *(separate capital appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No  
 If yes, by what date are the regulations to be adopted, amended or repealed?

**Why this fiscal note differs from previous version/comments:**

Not applicable, initial version.
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Division:	Administrative Services Division	Date:	02/02/2018
Approved By:	Jahna Lindemuth, Attorney General	Date:	02/02/18
Agency:	Department of Law		

## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2018 LEGISLATIVE SESSION

## Analysis

Section 1 of HB 277 would add AS 42.05.147 to the powers and duties of the Regulatory Commission of Alaska (RCA). That provision would require a utility that provides broadband services in the state to publicly disclose accurate information regarding the network management practices, performance, and commercial terms of the utility's "broadband Internet access service" (a new term defined by the bill). Further, proposed AS 42.05.147 would prohibit certain conduct by a utility that provides broadband services in the state.

The classes of prohibited conduct can broadly be described as blocking, throttling, paid and affiliate prioritization and interference with network use by an "edge provider" (a new term defined by the bill). However, whether specific behavior is prohibited conduct would entail a technical analysis of network operations. The RCA may waive the provision related to paid or affiliate prioritization on a showing of benefit to the public interest and no negative impact on "the open nature of Internet in the state."

Sec. 2 would make violation of proposed AS 42.05.147 an unlawful act and practice actionable under AS 45.50.471 (Unfair Trade Practices and Consumer Protection). The Attorney General is authorized to investigate and seek action to restrain prohibited acts under AS 45.50.

The Department of Law receives an average of 450 consumer complaints per year. It is estimated that the section may receive an additional 60-85 consumer complaints per year regarding internet neutrality issues. This estimate is based on internet complaints filed with the Federal Communications Commission (FCC); since the FCC no longer regulates this area, we expect consumers to file complaints with our office. From June 1, 2015 to May 1, 2017, consumers filed about 47,000 complaints with the FCC and about 125 were filed by Alaskans. This averages 65 complaints per year. Based on the national and local media coverage of net neutrality issues, more Alaskan consumers would be aware of the issue and likely lead to the filing of more consumer complaints. While the department expects some increased work, the exact amount of work the bill would generate, and whether that work can be absorbed within existing resources is unknown. If the bill becomes law, the department can monitor the work and may seek additional resources, if needed, to address the increased workload.