

ASSEMBLY THIRD READING

AB 1414 (Ransom)

As Amended March 13, 2025

Majority vote

SUMMARY

Prohibits a landlord from requiring a tenant to use a particular internet service provider and allows a tenant to deduct the cost of the internet subscription from rent if a landlord violates this provision.

Major Provisions

- 1) Prohibits the landlord of a dwelling from requiring a tenant to subscribe to a specific internet service provider, as defined.
- 2) Provides that if the landlord violates the provision above, the tenant may deduct the cost of the subscription to the internet service provider from the rent.

COMMENTS

This bill prohibits a landlord from forcing a tenant to use a particular internet service provider (ISP.) If the landlord violates this provision – by not permitting the tenant to obtain services with a different ISP – the tenant may deduct the costs of the internet service from the rent.

The problem, the FCC, and the San Francisco ordinance. It is difficult to know the extent of the problem animating this bill. Most landlords do not provide internet service as part of the rent and tenants routinely arrange to obtain service from the ISP of their choice. As the author's office correctly notes, rules promulgated by the Federal Communications Commission (FCC) prohibit service providers from entering into contracts with landlords that grant a single ISP an exclusive right to access and serve a building. These types of contracts, according to the FCC, harm competition by stopping additional providers from serving tenants in a multi-unit building. However, it is important to note that this FCC rule only prohibits an anti-competitive *agreement* between the ISP and the landlord to exclude other providers. In the absence of an agreement, there is nothing in existing *state* law that prevents a landlord from refusing a tenant's request to use a particular ISP, or requiring the landlord to grant all ISPs equal access to the property. As the FCC website puts it, "while a service provider may not enter into an agreement that grants exclusive access to [the rental property], a landlord may still choose the providers it allows into the building, even if that means only one company provides service."

(<https://www.fcc.gov/consumers/guides/consumer-faq-rules-service-providers-multiple-tenant-environments>.)

Based on the developments that have brought this issue to the attention of local governments, the problem that this bill seeks to address arises most often in multi-unit buildings that are already wired for internet service by a single ISP. For example, in 2016, San Francisco passed the "Occupants Right to Choose a Communications Services Provider," also known as Article 52. (San Francisco Police Code, Article 52, Sections 5200 to 5218.) Article 52 provides that "no property owner shall interfere with the right of an occupant to obtain communications services from the communications services provider of the occupant's choice." Article 52 then defines interfering with the occupant's choice to include "refusing to allow a communications services provider to install the facilities and equipment necessary to provide communications services or

use any existing wiring to provide communications services." (*Id.*, at Section 5201.) According to most reports, this ordinance was prompted in part by the limitations of the FCC rules prohibiting "agreements" between owners of multi-unit buildings and ISPs. Even if a building owner did not violate FCC rules by entering into an *exclusive* arrangement with an ISP, the owner could still contract with say, Comcast, to install wiring and equipment, and then refuse to grant access to other providers. While this practice did not violate the letter of the FCC rules (so long as there was no agreement to exclude), it nonetheless undermined the spirit of the rules seeking to facilitate market competition by allowing tenants to choose their own provider. The San Francisco ordinance effectively closed the loophole in the FCC rules by requiring the building owner to grant access to an ISP provider, so long as at least one or more of the building occupants had requested the service and the ISP was authorized and licensed to provide communication services in San Francisco. (*See e.g.* Electronic Frontier Foundation, "San Francisco Passes Ordinance to Protect ISP Competition," at <https://www.eff.org/deeplinks/2016/12/san-francisco-passes-ordinance-protect-isp-competition>.)

In addition to giving tenants more choice, the San Francisco ordinance also included reasonable protections for the building owner. For example, a building owner is not required to grant access to a provider if no occupant has requested it. And the ordinance allows building owners to impose reasonable conditions on the manner of installation, including any that the owner deemed "necessary to protect the safety, functioning, and appearance of the property and the convenience and well-being of the occupants." (*Id.*, at Sections 5206 to 5208.) According to a 2020 column in the *San Francisco Examiner*, the ordinance has worked quite well and as intended, generally providing tenants with more options at lower prices, especially in larger multi-unit apartment buildings. ("San Francisco's communications choice ordinance is working," *San Francisco Examiner*, February 21, 2020.)

According to the Author

According to the author, existing law "does not clearly establish a specified requirement that landlords do not inhibit the ability of their tenants to seek out alternative internet service provider (ISP), namely in lease arrangements often referred to as 'bundles,' whereby an established ISP is provided as a comprehensive lease package, based on contractual agreements between a given landlord and their given ISP." The author contends this type of "bundling" inhibits the tenant's right to seek out alternative ISPs. The author observes that this is "particularly difficult for tenants entering into a bundled lease agreement, who are forced into paying for internet services in a non-discretionary manner, and at a rate that is subject to the landlord's discretion."

Arguments in Support

The Consumer Federation of California supports this bill because it "protects consumers by providing them with the flexibility to choose the internet service providers that best fit their needs and budgets, rather than being forced into a contract with a provider by their landlords. In the case that a landlord violates this provision, the bill grants consumers the right to deduct the cost of the subscription from the rent. . . Through this measure tenants can select the broadband provider that best suits their needs, promoting competitions and access to high-quality, affordable internet services."

Arguments in Opposition Unless Amended

The National Rental Home Council (NRHC) oppose the bill unless it is amended "to allow for the pooling of residents for the purpose of offering discounted internet service." According to

NRHC, some landlords may have negotiated pooled discounts that secure quality services at lower rates, and they believe that the bill should take account of these arrangements.

FISCAL COMMENTS

None

VOTES**ASM JUDICIARY: 12-0-0**

YES: Kalra, Dixon, Wicks, Bryan, Connolly, Harabedian, Pacheco, Papan, Sanchez, Stefani, Zbur, Tangipa

UPDATED

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CONSULTANT: Tom Clark / JUD. / (916) 319-2334

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