

SENATE JUDICIARY COMMITTEE
Senator Thomas Umberg, Chair
2025-2026 Regular Session

AB 1414 (Ransom)
Version: June 19, 2025
Hearing Date: July 1, 2025
Fiscal: No
Urgency: No
ID

SUBJECT

Landlord-tenant: internet service provider subscriptions

DIGEST

This bill requires a landlord or association to permit a tenant to opt out of any subscription from a third-party internet service provider for internet services that is offered as part of residing in the dwelling unit, as provided.

EXECUTIVE SUMMARY

Almost 17 million Californians rent their apartments or homes, accounting for about 44 percent of all individuals in the state. Landlords sometimes charge tenants fees for what are called “bulk billing arrangements” in which a landlord contracts with an internet service provider (ISP) to provide internet to all tenants in the building for a set fee. Similarly, landlords may provide tenants with “bundling” services where the landlord charges the tenant a set monthly fee for a variety of bundled services, often including internet. While landlord groups argue that these arrangements result in discounted internet services for tenants, they also may mandate that tenants pay for the service, regardless of whether they want the service, want to use a different ISP, or have no need for internet whatsoever. Given these concerns, the Federal Communications Commission (FCC) adopted a rule in 2008 that prohibited an ISP from entering into or enforcing a contract with a landlord of a residential multi-tenant environment (MTE) that provided the ISP the exclusive access to the MTE for internet services. However, this rule did not prohibit a landlord from nonetheless restricting a tenant’s ability to select the ISP of their choice, or to choose to opt out of internet services altogether.

AB 1414 seeks to do just that, by requiring that landlords and associations provide tenants with the ability to opt out of a subscription for internet that is offered as part of residing in the tenant’s unit. AB 1414 is author-sponsored and is supported by the California Apartment Association, Consumer Attorneys of California, the City of San Francisco, and a number of other nonprofits, and is opposed by business groups.

PROPOSED CHANGES TO THE LAW

Existing federal law:

- 1) Establishes the Telecommunications Act to regulate interstate telephone, telegraph, television, radio, and internet communications across the United States. Establishes the Federal Communications Commission to implement and enforce the Act. (47 U.S.C. §§ 151 *et seq.*)
- 2) Prohibits an Internet Services Provider (ISP) from entering into or enforcing a contract with a landlord of a residential multi-tenant environment (MTE) that provides the ISP the exclusive access to the MTE for internet services. (47 C.F.R. § 64.2500(b).)
- 3) Prohibits an ISP from entering into or enforcing a contract regarding the provision of communications service in a MTE that gives the MTE owner compensation on a graduated basis or in return for access to the MTE and its tenants. (47 C.F.R. § 64.2500(c)-(d).)
- 4) Requires an ISP to disclose the existence of any contract for the exclusive right to market its services to a tenant of a MTE, as specified. 947 C.F.R. § 64.2500(e).)

Existing state law:

- 1) Governs the relations between, and sets forth the rights and responsibilities of, landlords and tenants in a residential dwelling. (Civ. Code §§ 1940 *et seq.*)

This bill:

- 1) Requires, for any new or renewed tenancies on or after January 1, 2026, a landlord or association, as defined, to provide a tenant the option to opt out of any subscription from a third-party internet service provider for wired-internet, cellular, or satellite service that is offered as part of residing in the dwelling unit.
- 2) Specifies that, if the landlord violates the provision described in (1), above, the tenant may deduct the cost of the subscription from their rent.
- 3) Specifies that nothing in the bill's provisions prevent a landlord from offering bulk billing arrangements to their tenants.
- 4) Prohibits a property owner from retaliating in any manner against a tenant for exercising their rights under this bill, consistent with specified tenant protections against retaliation.

- 5) Defines, for the purposes of its provisions, the following terms:
- a) “internet service provider” to be the definition of that term provided in Section 3100 of the Civil Code, which defines it as a business that provides broadband internet access service to an individual, corporation, government, or other customer in California;
 - b) “association” as the same as is defined in Section 4080 of the Civil Code.

COMMENTS

1. Author’s statement

According to the author:

Access to reliable internet is a fundamental right that plays a crucial role in fostering equity across our communities. In today’s digital age, access to fast, dependable internet is essential for work, school, and staying connected with loved ones. Yet, when tenants are denied or discouraged from choosing an internet provider that best fits their needs and budget, it severely limits their ability to work, learn, and connect. This problem hits lower-income and disadvantaged communities the hardest. AB 1414 empowers tenants by ensuring they can freely explore different internet options without encountering unfair or illegal barriers. In a state like California, internationally recognized for its tech leadership and diversity, ensuring a fair market and healthy competition among providers leads to better, more affordable internet for everyone.

2. Bulk billing agreements and consumer choice in internet service providers

Almost 17 million Californians rent their apartments or homes, accounting for about 44 percent of all individuals in the state.¹ Significant numbers of California renters pay a disproportionate amount of their income toward rent and struggle to make ends meet, as California has a housing crisis that has resulted in some of the highest rents across the nation. In 2019, 51.8 percent of California renters were cost-burdened, in which their rent costs exceeded 30 percent of their household income, and 27.3 percent were severely cost-burdened, in which their rent costs exceeded 50 percent of their household income.² Considering the significant impact of such high rents on California renters, additional fees and charges, often called “junk fees” that landlords often tack on top of rent, only further increase the financial strain and burden faced by renters in California.

¹ Monica Davalos et al, California’s 17 Million Renters Face Housing Instability and Inequity Before and After COVID-19, California Budget & Policy Center (Jan. 2021), available at <https://calbudgetcenter.org/resources/renters-face-housing-instability-and-inequity-before-and-after-covid-19/>.

² Davalos *supra* note 1, p. 3.

Landlords sometimes charge tenants fees for what are called “bulk billing arrangements” in which a landlord contracts with an internet service provider (ISP) to provide internet to all tenants in the building for a set fee. Similarly, landlords may provide tenants with “bundling” services, where the landlord charges the tenant a set monthly fee for a variety of bundled services, often including internet. While landlord groups argue that these arrangements result in discounted internet services for tenants, they also may mandate that tenants pay for the service, regardless of whether they want the service, want to use a different ISP, or have no need for internet whatsoever. The services provided under such arrangements may be insufficient for a tenant’s needs, and a tenant may find a cheaper option but nonetheless still be required by their lease to pay for and use the landlord-provided service. In these scenarios, bulk billing arrangements that require tenants to pay for internet from an ISP designated by the landlord locks the tenant into additional fees and internet that they do not want. Additionally, because bulk billing arrangements provide one ISP for all tenants in the landlord’s building, they are anti-competitive and provide the ISP a monopoly on internet service in the building.

3. Current Federal Communications Commission rules and its proposed bulk billing ban

Given these concerns, the Federal Communications Commission (FCC), under its authority by the Telecommunications Acts of 1934 and 1996, has adopted various regulations limiting agreements between ISPs and landlords of multi-tenant environments (MTEs). In 2008, the FCC adopted a rule that prohibited an ISP from entering into or enforcing a contract with a landlord of a residential MTE that provided the ISP the exclusive access to the MTE for internet services. (*In re: Promotion of Competitive Networks in Local Telecommunications Markets*, (Mar. 21, 2008) WT Docket No. 99-217, FCC 08-87.) More recently, the FCC adopted additional rules that aimed to end practices perceived to amount to de facto exclusive access agreements in contravention of the 2008 rule. Specifically, it prohibited ISPs from entering into revenue-sharing agreements with landlords of MTEs, required ISPs to disclose the existence of any exclusive marketing arrangements they have with the MTE owner to tenants of the MTE, and clarified FCC rules regarding arrangements that effectively denied alternative ISPs access to MTEs through “sale-and-leaseback” arrangements. (*In re: Improving Competitive Broadband Access to Multiple Tenant Environments*, (Feb. 15, 2022) GC Docket No. 17-142, FCC 22-12.)

However, these rules have their limits. Specifically, they apply to ISPs and the agreements made between ISPs and landlords, not specifically to the relationship between the landlord and tenant. Thus, they do not prohibit a landlord from requiring the tenant use the landlord’s preferred ISP, and they do not prohibit a landlord from choosing the providers it allows into the building, even if that is only one provider. Thus, despite the prohibition on exclusive access agreements, landlords can still

effectively prohibit tenants from having access to any other ISP than the one with which they have a bulk billing arrangement.

Given these limitations, the FCC announced proposed rules in 2024 that would have required landlords of MTEs to allow tenants to “opt out” of bulk billing arrangements.³ This rule was meant to build upon the 2022 FCC rule. However, before it could be adopted, the proposal was shelved.

Inaction by the FCC has not prevented other localities from enacting their own rules to ensure tenants can choose the ISP of their choice. The city of San Francisco, for example, enacted an ordinance in 2017 that prohibits a landlord from interfering with the right of an occupant to obtain communications services from the provider of their choice, which the ordinance specified can occur by refusing to allow a communications services provider to install the facilities and equipment necessary or use any existing wiring. (S.F. Police Code § 5201 (Ord. 250-16 (2017)).)

4. AB 1414 proposes to prohibit a landlord from requiring a tenant to pay for internet from a specific ISP

AB 1414 furthers, and effectuates, the FCC’s rules regarding exclusive use contracts between ISPs and landlords and its purpose of ensuring competition and choice of ISPs for tenants in California. It does this by requiring, for any new or renewed tenancies on or after January 1, 2026, that landlords allow tenants to opt out of any subscription from an ISP of internet that is offered as part of their tenancy. AB 1414 also specifies that a landlord may not retaliate against a tenant for exercising their right to use the ISP of their choosing. To ensure compliance with this requirement, AB 1414 permits a tenant to deduct the cost of the subscription to the ISP from their rent if a landlord violates the bill’s provisions.

Opposition argues that AB 1414 would ban bulk billing arrangements and consequently increase costs for tenants. However, AB 1414 specifies that it does not prevent a landlord from offering bulk billing arrangements to their tenants. And by its language, it does not prohibit such arrangements; a landlord and an ISP may still enter into a bulk billing arrangement for the provision of internet to the landlord’s tenants, but they must allow a tenant to opt out if the tenant so chooses. Most likely, in the real world, a majority of tenants will remain with the ISP providing the service through the bulk billing arrangement, particularly if the internet service is high quality and meets the tenants’ needs. Bulk billing also provides the benefit of convenience, which may be enough to entice most tenants to accept such arrangements. Thus, bulk billing arrangements can still provide ISPs with some guarantee of customers, even if it may not be 100 percent of the landlord’s tenants.

³ Fed. Comm. Comms’n., “Press Release: FCC Chairwoman announces push to lower broadband costs & increase choice for families living in apartment buildings,” (Mar. 5, 2024),

Moreover, while the opposition contends that bulk billing arrangements provide tenants with discounted, industry-competitive rates for internet, in today's world in which there are a wide variety of options for internet services, this contention may not necessarily be true. Even if it is true for comparable services, different tenants may have different needs, and thus may wish to have a simpler service or a different type of service that is cheaper because it provides narrower broadband or lower internet speeds. That bulk billing arrangements save tenants money also certainly would not be true for tenants who simply have no use for internet, or who use their cellular data plan for all their internet needs.

Most fundamentally, AB 1414 is about choice and providing a competitive market for internet services. While it does not prevent landlords from offering arranged internet services through a selected ISP, or from having a preferred ISP for tenants, it does prohibit a landlord from requiring their tenants to use and pay for the services of one particular ISP.

5. Arguments in support

According to the Center for Accessible Technology, which supports AB 1414:

Assembly Bill 1414 advances many of the goals of the state.

1. Ubiquitous Connectivity – The state's motto is "Broadband For All". In order to secure broadband for all, it is necessary for state residents, regardless of their living situation, to be able to utilize any service willing to serve their residence in order to secure the price point and service level that meets their needs. As with any service, one size does not fit all. People have different needs depending on their financial situation, occupational needs, family size, the kind of online activities they favor, and preferences regarding privacy policies. If the market is able to meet their needs, there should not be barriers preventing people from using the companies and services that they prefer.

2. Affordability – California continues to have a broadband affordability problem. Affordability and making a dent in California's expensive cost of living is a legislative priority in 2025. Tenants, in particular, are facing significant rent burdens. Saving \$10 or \$20 or \$30 on the cost of an Internet subscription every month by using an alternate provider can be a huge help to struggling families on a tight budget. No one should be locked into a costly or inadequate Internet subscription because it is more convenient for their landlord or for their HOA.

3. Competition – Any theory of market economics stresses that competition is a key lever on prices. The ability of consumers to seek out more affordable services is what keeps markets healthy. California's Internet marketplace has not been characterized by robust competition and many consumers have only one or two

choices available to them. Internet Choice policies help to build more competition and thus long-term more affordable options, by not artificially restricting consumer choices and helping more Internet providers to enter and survive in the marketplace.

4. No Bureaucracy – AB 1414 does not create a costly bureaucracy or enforcement regime. It simply empowers Californians of all stripes to fully participate in the consumer marketplace to meet their own needs to the best of their ability. Californians that are perfectly happy with the choice provided for them by a property owner or HOA can continue to use that service. Californians that are not so happy can investigate other options without unnecessary barriers or impediments.

Assembly 1414 is compatible with and supplements federal law. The Federal Communications Commission issued apartment internet regulations in 2024 emphasizing the importance of Internet Choice. Those rules govern Internet Service Providers and prohibit ISP's from entering into service agreements that grant exclusive rights to access and service a building. The FCC's rules state "These types of contracts can harm competition by stopping additional providers from serving tenants in a building, and limit consumer choice".

The FCC also prohibits revenue-sharing agreements with property owners that incentivize property owners to limit access by providing financial incentives when occupants sign up for a particular ISP's services.

However, as the FCC acknowledges, despite their observations that exclusive use agreements harm competition and limit consumer choice, the federal rules do not regulate landlords and property owners from restricting access.

FCC rules only apply to certain service providers and not to landlords, so a landlord may refuse to allow other service providers to offer service to tenants. While a service provider may not enter into an agreement that grants exclusive access to an MTE property, a landlord may still choose the providers it allows into the building, even if that means only one company provides service.

Assembly 1414 closes that gap and ensures that the intent of federal law to enhance competition and consumer choice is not blocked.

To be clear, AB 1414 does not ban or prevent bulk billing arrangements when they provide quality broadband service at an affordable price. It simply gives Californians the opportunity to decide if those mass arrangements work for them and their particular household situation – or not.

6. Arguments in opposition

According to the National Rental Home Council, which opposes AB 1414:

AB 1414 addresses a problem that has already been solved. Federal law already protects the right of a tenant to access the cable provider of its choice by prohibiting a cable operator from enforcing or executing “any provision in a contract that grants to it the exclusive right to provide any video programming service (alone or in combination with other services) to a MDU [multiple dwelling unit]. All such exclusivity clauses are null and void.” 47 CFR 76.2000 (a).

In short, tenants already have choice under federal law. AB 1414, however, goes much further by eliminating legitimate, pro-consumer arrangements that lower costs and expand access.

AB 1414 Threatens Affordable Broadband in Multi-Tenant Housing

Property owners are permitted however, to enter bulk service agreements, which provide consumers with great value:

Loss of Negotiated Discounts and Incentives: AB 1414 could prevent landlords from negotiating exclusive volume-based contracts that offer lower prices and additional financial incentives, benefits which are routinely passed through to tenants. Without these bulk agreements, tenants will be left to purchase retail services at higher rates.

Increased Upfront Costs for Tenants: Bulk agreements often eliminate costly upfront fees like installation charges, equipment deposits, and credit check fees. Without them, tenants would be subject to these avoidable costs, making broadband less accessible for many.

Complicated Service and Maintenance Logistics: Bulk agreements typically allow for centralized broadband service setup and maintenance, simplifying the process for tenants. AB 1414 would likely have the consequence of requiring each tenant to coordinate individually with service providers, complicating service setup and potentially delaying repairs – particularly burdensome in multi-tenant environments.

Loss of Provider Incentives and Increased Rents: Landlords would lose access to exclusive incentives offered by ISPs, which could result in higher operational costs. These costs could ultimately be passed onto tenants through increased rents, compounding the financial impact on residents.

Reduced Infrastructure Investment and Tenant Choice: Prohibiting bulk agreements discourages broadband providers from investing in new network infrastructure, especially in multi-tenant properties. The loss of financial viability for such investments would reduce competition and tenant choice, and disproportionately harm residents of affordable housing communities.

In summary, AB 1414 could have the consequence of eliminating a vital tool for delivering affordable broadband service, especially to low-income families.

SUPPORT

California Apartment Association
City and County of San Francisco, Board of Supervisors
Consumer Attorneys of California
Power CA Action
Western Center on Law & Poverty, Inc.

OPPOSITION

Bizfed Central Valley
Calbroadband
California Hispanic Chamber of Commerce
Chamber San Mateo County
Greater Coachella Valley Chamber of Commerce
Long Beach Chamber of Commerce
National Rental Home Council
Orange County Business Council
San Mateo County Economic Development Association (SAMCEDA)
The Greater Coachella Valley Chamber of Commerce

RELATED LEGISLATION

Pending Legislation:

716 (Durazo, 2025) requires the Public Utilities Commission to include broadband internet access service as a class of lifeline service available for a lifeline subsidy under the Universal Lifeline Telephone Service program, and specifies that an ISP would be eligible for a lifeline subsidy if it offers at least one internet service plan that meets specified criteria, as specified, and makes various other changes to the lifeline program. SB 716 is currently pending in the Assembly Communications and Conveyance Committee.

AB 1271 (Bonta, 2025) requires a broadband internet service provider, on or before January 1, 2027 and annually thereafter, and upon funding, to submit to a specified

department a report regarding the provider's pricing and speed data, as specified, requires the department to publish an annual report on broadband internet access service affordability and speed, and would require a broadband internet service provider to establish and maintain a dedicated consumer complaint resolution process, as specified. AB 1271 was held in the Assembly Appropriations Committee.

AB 693 (Boerner, 2025) establishes the Broadband and Digital Equity Commission and the Department of Broadband and Digital Equity to promote ubiquitous and universal broadband in unserved and underserved areas of the state and increase broadband adoption throughout the state, and requires the Commission to advise and assist the Department, Agency, and the Legislature in formulating state policies for broadband and digital equity programs, and to advocate in federal rulemaking for the department's and state's interests. AB 693 was held in the Assembly Appropriations Committee.

AB 353 (Boerner, 2025) requires every California ISP to offer for purchase to eligible households within their service territory an affordable home internet service that meets minimum speed requirements, as specified, requires every California ISP to make commercially reasonable efforts to promote and advertise the affordable home internet service for eligible households, and requires ISPs to annually provide a report relating to their affordable home internet service plans to the Department of Technology. AB 353 is currently pending before the Senate Energy, Utilities, and Communications Committee.

Prior Legislation:

SB 1383 (Bradford, 2024) would have modified the Broadband Public Housing Account (BPHA) program to allow applicants to provide low-cost broadband service, instead of no-cost broadband service, and permitted funds to be used to enhance existing broadband services, for low-income communities. SB 1383 was vetoed by the Governor because it undermined the primary intent and purpose of the program.

AB 2575 (Boerner, 2024) would have established the Broadband and Digital Equity Commission and the Department of Broadband and Digital Equity to promote ubiquitous and universal broadband in unserved and underserved areas of the state and increase broadband adoption throughout the state, and would have required the Commission to advise and assist the Department, Agency, and the Legislature in formulating state policies for broadband and digital equity programs, and to advocate in federal rulemaking for the department's and state's interests. AB 2575 was held in the Assembly Appropriations Committee.

AB 414 (Reyes, Ch. 436, Stats. 2023) established the Digital Equity Bill of Rights, stating that it is the principle of the state to ensure digital equity for all residents of the state, that all residents shall have access to broadband that meets specific requirements, and

that it is the policy of the state that broadband internet subscribers benefit from equal access to broadband internet service.

AB 34 (Muratsuchi, 2021) would have enacted the Broadband for All Act of 2022 to authorize, if approved by the voters, the issuance of bonds in the amount of \$10 billion to support the 2022 Broadband for All Program that would have provided financial assistance for projects to deploy broadband infrastructure and broadband internet access services. AB 34 was held in the Assembly Appropriations Committee.

SB 822 (Weiner, Ch. 976, Stats. 2018) enacted the California Internet Consumer Protection and Net Neutrality Act of 2018 to prohibit fixed and mobile ISPs from blocking lawful internet content, applications, services, or non-harmful devices, or from decreasing lawful internet traffic on the basis of the content.

AB 1999 (Chau, Ch. 963, Stats. 2018) permitted local government entities to provide broadband internet access services and established net neutrality requirements for local governments providing broadband internet.

PRIOR VOTES:

Assembly Floor (Ayes 75, Noes 0)

Assembly Judiciary Committee (Ayes 12, Noes 0)
