



AMERICANS *for* TAX REFORM

May 06, 2021

The Honorable
Michael F. Doyle, Chairman
U.S. House of Representatives
Subcmte on Communications & Technology
2123 Rayburn House Office Building
Washington, DC 20515

The Honorable
Robert E. Latta, Ranking Member
U.S. House of Representatives
Subcmte on Communications & Technology
3222-A Rayburn House Office Building
Washington, DC 20515

Dear Representatives:

If Congress is to address broadband connectivity and cost issues, we urge you to do so in a targeted, cost-effective way that considers the entire broadband universe, rather than the narrowly defined, non-technology neutral view proposed by the Biden Administration.

Congress should avoid overly restrictive definitions of what constitutes broadband. There are more choices than fiber. Cable, wireless, fixed wireless, satellite are all acceptable methods for achieving speeds that meet the needs of Americans now and into the future for working remotely, telehealth, remote learning, and entertainment. According to Zoom, only 2 Mbps is required for high-quality video calling for both upstream and downstream,¹ while Netflix requires only 0.5 Mbps per second.² Calls for symmetrical speeds at 100 up and 100 down end up mandating on fiber and doesn't take into consideration the asymmetrical needs of individual broadband users or the ability of private networks of to upgrade to meet demand over time.

While the government may be suggesting an influx of \$100 billion is revolutionary, it is not. **A one-time spend, on a chosen technology, with a preference for government operators who will likely compete with existing private networks will not address the remaining digital divide.**

The private sector has invested over \$1.6 trillion into wireline broadband since 1997,³ and after the lifting of several government restrictions, the private sector invested \$80 billion in 2018 alone.⁴ The US's prioritization of investment through both the public and private sector instead of the burdensome government regulation seen throughout Europe leads to better broadband results hands down.⁵

Looking only at wireline broadband connections the US beats out the EU when it comes to provider competition.⁶ In 2019 86% of all US households had a choice of two or more providers, while only 46% of Europeans had that choice. In rural areas, 49% of US residents had multiple access points while only 11% had choices in the EU. This isn't surprising because between 2012 and 2018, US investment in broadband was about 40% higher than in the EU;⁷ US broadband

¹ See: "System requirements for Zoom," Available at: <https://support.zoom.us/hc/en-us/articles/204003179-System-Requirements-for-Zoom-Rooms>

² See: "Internet connection speed recommendations," Available at: <https://help.netflix.com/en/node/306>

³ Brogan, Patrick, "U.S. Broadband Investment Rebounded in 2017," (Oct. 18, 2018), *USTelecom*, <https://www.ustelecom.org/wp-content/uploads/2018/12/USTelecom-Research-Brief-Capex-2017.pdf>

⁴ Brogan, Patrick, "U.S. Broadband Capex Growth Propels Deployment," (July 31, 2019), *USTelecom*, <https://www.ustelecom.org/u-s-broadband-capex-growth-propels-deployment/>

⁵ Visconti, Bridget, "EU Shows Government Regulation Expands the Digital Divide," (Apr. 27, 2021), *Digital Liberty*, <https://www.digitalliberty.net/eu-shows-government-regulation-expands-the-digital-divide/>

⁶ See: *USTelecom*, "US vs. EU Broadband Trends (2012-2014)," (2019), *USTelecom*

⁷ Total investment from 2012-2018: US \$616 billion, EU \$353 billion; *Ibid* at 6.

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providers invest about \$708 per household which is about three times higher than in the EU's \$230 per household.⁸

Municipal or government run networks are also not the answer, especially ones that compete with private networks already in place.⁹ They can charge below market rates because they receive tax subsidies and they still fail as projects. Taxpayers should not be forced to subsidize an ineffective service they may not even want to use.¹⁰ **Similar programs, like the Broadband Technology Opportunities program (BTOP) have been tried and failed.**¹¹

We hope you will look towards reforming the lifeline program at the FCC to be a sustainable solution to lack of connectivity due to cost, rather than returning to the failed programs of the past. Doing away with the Universal Service fee, which continues to put extreme pressure on a small segment of the population¹² and moving to a Congressionally approved appropriation possibly attached to spectrum proceeds could be a viable solution. Congress should also do away with the Eligible Telecommunications Carriers requirement and move to a voucher program rather than a carrier directed program to increase options to individuals struggling to get online.¹³

Should you have any questions or comments on this matter, please reach out to me, or our Director of Federal Policy, Katie McAuliffe, kmcauliffe@atr.org.

Onward,



Grover G. Norquist
President
Americans for Tax Reform

⁸ Weiss, Brian, "No Contest: U.S. Leads Europe in Broadband Deployment, Adoption, Investment and Competition," (Apr. 21, 2021), *USTelecom*, <https://www.ustelecom.org/no-contest-u-s-leads-europe-in-broadband-deployment-adoption-investment-and-competition/>

⁹ 20 "GONs" were examined and it was found that 11 had negative income, 7 are projected to take at least over 60 years to make a return on investment, and two are on track to break even; Yoo, Christopher & Pfenniger, Timothy, "Municipal Fiber in the United States: An Empirical Assessment of Financial Performance," (2017), *University of Pennsylvania*, https://www.law.upenn.edu/live/files/6611-report-municipal-fiber-in-the-united-states-an?sm_au=iVV7jM6FfVINJtqs01TfKK3Qv3fc4; Mire, Margaret, "City-owned broadband network would be a bad deal for taxpayers," (July 20, 2017), *Richmond Register*, https://www.richmondregister.com/opinion/city-owned-broadband-network-would-be-a-bad-deal-for-taxpayers/article_66596c6c-6d66-11e7-80ca-87ba1267560d.html

¹⁰ Oh, Sarah, "Municipal broadband is a bad idea for cash-strapped towns," (Jan. 15, 2021), *TheHill*, <https://thehill.com/opinion/technology/534437-municipal-broadband-is-a-bad-idea-for-cash-strapped-towns>

¹¹ McAuliffe, Katie, "Biden Wants a BTOP 2.0," (Apr. 23, 2021), *Digital Liberty*, <https://www.digitalliberty.net/biden-wants-a-btop-2-0/>

¹² As legacy technologies like paging services and landline telephony fade away, the brunt of the cost for financing the USF gets passed onto wireless customers.; Collier, Deborah, "Reforms are Needed for Financing the Universal Service Fund," (Jan. 25, 2021) *Citizens Against Government Waste*, <https://www.cagw.org/thewastewatcher/reforms-are-needed-financing-universal-service-fund>.

¹³ Similar suggestions were included in this April 6 letter to Congress; Available at: https://mcusercontent.com/edfa3010769239322c4a98854/files/06ce1c72-419f-4e3e-87dc-919805b9575c/House_Letter.pdf