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THE TELECOMMUNICATIONS ACT OF 1996:

30 YEARS LATER

THURSDAY, MARCH 26, 2026

House of Representatives,

Subcommittee on Communications

and Technology,

Committee on Energy and Commerce,

Washington, D.C.

The subcommittee met, pursuant to notice, at 10:16 a.m., in Room 2123, Rayburn House Office Building, Hon. Richard Hudson [chairman of the subcommittee] presiding.

Present: Hudson, Allen, Latta, Griffith, Bilirakis, Carter of Georgia, Dunn, Fulcher, Pfluger, Cammack, Obernolte, Goldman, Fedorchak, Guthrie (ex officio), Matsui, Soto, Clarke, Ruiz, Peters, Dingell, Kelly, Barragan, Carter of Louisiana, Menendez, Landsman, McClellan, Castor, and Pallone (ex officio).

Also Present: Representative Joyce.

Staff Present: Jessica Donlon, General Counsel; Michael Essington, Chief Counsel,

Communications and Technology; Sydney Greene, Director of Finance and Logistics; Megan Jackson, Staff Director; Noah Jackson, Clerk, Communications and Technology; John Lin, Senior Counsel, Communications and Technology; Joel Miller, Chief Counsel; Elaina Murphy, Professional Staff Member, Communications and Technology; Dylan Rogers, Professional Staff Member, Commerce, Manufacturing, and Trade; Chris Sarley, Member Services/Stakeholder Director; Timothy Trimble, Staff Assistant; Matt VanHyfte, Communications Director; Hannah Anton, Minority Policy Analyst; Giancarlo Ceja, Minority Staff Assistant; Parul Desai, Minority Chief Counsel, Communications and Technology; Waverly Gordon, Minority Deputy Staff Director and General Counsel; Tiffany Guarascio, Minority Staff Director; Serena Klebba, Minority Intern; Jaime McCoy, Minority FCC Detailee; Elisabeth Mellen, Minority Intern; Dan Miller, Minority Professional Staff Member; Emma Roehrig, Minority Staff Assistant; Andrew Souvall, Minority Director of Communications, Outreach and Member Services; and Johanna Thomas, Minority Counsel.

Mr. Hudson. The committee will come to order.

The chair recognizes himself for an opening statement.

Good morning. Welcome to today's hearing, examining the Telecommunications Act of 1996.

It is hard to believe that 1996 was 30 years ago. That February, I was a student at UNC Charlotte. I won't ask any of my colleagues where they were at the time. I am certainly not going to ask the staff, because most of them probably weren't born yet. But here in Washington, right across the street at the Library of Congress, Members of Congress celebrated the passage of the Telecommunications Act.

I have to admit, the event was not on my radar as a college senior. However, the Telecom Act was a huge milestone when it was enacted. It was the first major rewrite of communications policy since the Communications Act of 1934.

The law was designed to deregulate the market, unleash competition, and open opportunities for new technologies and services. In many ways, it succeeded. By eliminating certain monopoly-era laws and preempting State and local barriers, the Telecom Act opened the communications ecosystem to new players, leading to competition and innovation that ultimately benefited consumers.

Competitors could enter local phone markets. Telephone companies could now provide video. Cable companies could provide voice service, and they could do this while entering markets that previously were not allowed to serve. It also enshrined the principles of universal service that are so important to rural America. Finally, it included what we now know as Section 230 -- 26 words that created the internet economy as we know it today.

But the world has changed significantly since 1996. Back then, the internet was a new technology. We were just beginning to hear the familiar, but now extinct, dial-up tone and use web

browsers like Netscape. None of us could have predicted the technological revolution that was coming.

The Telecom Act, unfortunately, did not foresee how essential broadband would be to our lives, nor did it see the rise of new ways to communicate. Back then, everyone relied on their home landline to make phone calls. Cell phones were considered a luxury. But today, we all have a computer in our pocket that, among other things, is a very quality cell phone. I am not sure if any of us even still have a home phone. If we do, I wonder how many can even remember their phone number.

And if we wanted to talk with someone on the other side of the world back in 1996, we had to rely on a long-distance carrier to place an expensive, charge-by-the-minute call; whereas today, we can connect with anyone, anywhere, via cell phone call, a video call, a text message, or through social media.

The world of 1996 looks nothing like the world today, and it is time we update our laws to reflect that. That is why we are holding this hearing. Today's hearing is an opportunity to look back at the Telecom Act, as well as the law it amended, the Communications Act of 1934, and find out what continues to work and what does not.

For example, does it still make sense to regulate communications technologies in different silos? Do we still need an entire section on pay phone service? Is it time to revisit Section 230? And how should we address media ownership as broadcasters must now compete for engagement and revenue against platforms that didn't even exist in 1996? Congress needs to consider how we should modernize our communications policy framework to reflect the technologies of today in a way that will also work for the technologies of tomorrow.

We have an esteemed panel of witnesses here today, some of whom were intimately involved with the drafting of the Telecom Act. I look forward to hearing from them, and I look forward to this really important discussion.

I now recognize the ranking member, the gentlelady from California, for her opening statement.

[The prepared statement of Mr. Hudson follows:]

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Ms. Matsui. Thank you very much, Mr. Chairman, and thank you to our witnesses for being here today.

Thirty years ago, Congress passed the Telecommunications Act of 1996 with a clear and ambitious vision: to promote competition and deliver lower prices and better service for consumers.

At its core, this law was about making sure that as technology evolved, the benefits would reach everyone, and in many ways it succeeded. It opened the door to greater competition and telephone markets, it laid the groundwork for the internet revolution, and it established a universal service framework built on a simple idea: Where you live should not determine whether you can connect.

That work included two programs vital to the success of the Universal Service Fund: E-Rate, which helps connect schools and libraries, and the Rural Health Care program to improve broadband access for rural clinics and hospitals, laying the foundation for expanded patient care. These achievements were possible because Congress acted boldly, but 30 years later, we haven't finished the job. Too many Americans still lack reliable, affordable broadband.

The 2021 Bipartisan Infrastructure Law was our answer to that unfinished work. Through the BEAD Program, Congress made a once-in-a-lifetime generation investment to really fully close the digital divide. But under the Trump administration, NTIA has thrown BEAD into chaos, freezing funds, forcing States to scrap years of work, and stripping away affordability protections. Communities that are ready to build are still waiting because the administration decided it knows better than Congress, the States, and the communities that did the hard work.

The same pattern of sabotage is showing up in the FCC under Chairman Carr. Just last week, the FCC rubber-stamped the Nexstar-Tegna merger, flying in the face of the law.

The Telecommunications Act set clear media ownership caps to protect local voices and

competition. Congress said no single company can reach more than 39 percent of U.S. households, but Chairman Carr ignored that rule to clear a mega merger that would reach 80 percent of American households. Why? Because these companies are willing to bend to pressure and silence speech President Trump disagrees with. Just look at what they did to Jimmy Kimmel.

And the damage is clear: weaker local news, fewer independent voices, and less competition. These are serious setbacks, but the goals of the Telecom Act -- competition, connectivity, consumer protection -- remain just as urgent today. That means modernizing the Universal Service Fund so it can continue supporting our schools, hospitals, and communities. It also means getting serious about affordability, because connectivity is not universal if it is unaffordable.

Since Republicans let the affordable connectivity program expire, millions of families have struggled to stay connected. Seniors have lost access to telehealth. Students have fallen behind in school. If universal service is our goal, affordability has to be front and center. We need policies that keep pace with the technology.

Look at next-gen TV. Broadcasters are already using it to deliver better emergency alerts and on-demand local news. That is the kind of innovation the Telecom Act was meant to encourage. And it is a reminder that Congress has to keep revisiting these laws, building on what works to support both consumers and cutting-edge technology.

One strength of the Telecom Act was that it didn't shut States out. States keep a meaningful role in regulating telecom, addressing issues on the ground, and protecting their residents. We need that same balanced approach as we navigate AI. Let me be clear: Sweeping State preemption without strong guardrails is ignoring the lessons our most successful modern industry was built on.

The Telecom Act gave us a strong foundation. Our job now is to build on it, fix it where it has fallen short, and hold this administration accountable when it ignores the law. I look forward to

hearing from our witnesses on how we get that done.

And with that, Mr. Chairman, I yield back.

[The prepared statement of Ms. Matsui follows:]

******** COMMITTEE INSERT ********

Mr. Hudson. Thank you.

I now recognize the chairman of the full committee, the gentleman from Kentucky, for 5 minutes for his opening statement.

The Chair. Thank you, Mr. Chairman. I appreciate you for bringing us all together in an important hearing, and thank you to our witnesses for being here, and to my friend from California, Ms. Matsui, for you holding -- everybody holding this hearing.

So it is incredible how things have changed over the last 30 years. In 1996, I was actually in business school learning from case studies that had not yet anticipated the dramatic evolution of technology we have seen since then over the last three decades, which have fundamentally changed the world of business and daily lives of our constituents.

One of the case studies in probably 1995 or -- 1996 or 1997 was, will Apple survive? Will Apple survive? So it shows how much we knew of what was coming forward.

So the Telecommunications Act of 1996 was a monumental law when it passed, and it is largely responsible for ushering in the years of growth and development. The 1996 Act deregulated the telecommunications industry, allowed for technological innovation and new competitors to enter the marketplace, which, ultimately, benefited consumers.

The law was also essential to rural America by codifying the principle of universal service, which has played a critical role ensuring that every American has access to the communication services that have become essential to everyday life.

But things have changed in the last 30 years. Landlines are no longer a primary mode of communication. Technologies that were in their infancy or unforeseen in 1996 -- broadband, AI streaming -- are now the foundations of how we communicate, interact, and carry out tasks in our day-to-day lives.

One of my priorities as chairman of this committee is modernizing the laws in our jurisdiction

that govern nearly 70 percent of the economy. The 30th anniversary of the Telecom Act gives us an opportunity to reexamine our communications laws and consider how to update them for today's world and the next generations.

In conducting this review, we must recognize this is a critical moment in history. The United States is the global leader in technological advances due, in large part, to policies that allow the private sector to innovate. Congress should continue the deregulatory framework of the Telecommunications Act and implement light-touch policies that allow the U.S. to maintain its status as the global leader in technological advancements. This is especially important as we compete for technological leadership against adversaries like China.

I look forward to hearing from the witnesses on this important topic and hearing how Congress can modernize our communications laws.

Thank you, Mr. Chairman, for conducting this, our witnesses for being here, and I will yield back.

[The prepared statement of Chair Guthrie follows:]

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Mr. Hudson. Thank you.

I now recognize the gentleman from New Jersey, the ranking member, for 5 minutes for his opening statement.

Mr. Pallone. Thank you, Mr. Chairman.

I have to digress a minute and say, when I see Congressman Pickering, I keep thinking of "Home Town" with Erin and Ben fixing up Laurel, Mississippi, his hometown, because my wife insists that I watch "Home Town" almost every night. Fixing up Laurel to, like, make it more southern or whatever, is very pretty, but I have never been there.

In any case, 30 years ago, Congress, on a bipartisan basis, passed the Telecommunications Act of 1996. This landmark legislation sought to catapult the communication industry to the digital age by promoting the principles of competition, innovation, and, importantly, universal connectivity, ensuring that all Americans have affordable access to advanced communication services, such as broadband.

Congress also envisioned a media marketplace defined by competition, diversity of voices, and consumer choice, and in some respects, Congress got it right. The law helped fuel the internet age as we know it, but there are still too many goals of that law that have not been met. And I am deeply concerned that with Brendan Carr as chair of the Federal Communications Commission, the agency is moving further away from the goals that Congress envisioned in 1996.

Instead of delivering access to reliable and affordable broadband for all Americans, Chairman Carr has rolled back broadband price transparency requirements and taken steps to limit students' ability to access Wi-Fi on school buses for homework. Rather than preserving local and diverse voices, Chairman Carr is fighting First Amendment battles he can't win and squeezing competition from the media market, undermining the very principles Congress set out to achieve in 1996.

And Chairman Carr seems to think his only role is to serve as President Trump's lackey and

target news outlets and broadcasters for exercising their First Amendment rights and not bending to the President's will.

And last week's decision by the FCC's Media Bureau to approve the Nexstar-Tegna deal simply adds insult to injury, in my opinion. This decision, which is a favorite to President Trump's allies, was released in the dead of night and without a full Commission vote. And it is simply illegal, because the 39 percent statutory cap on broadcast station ownership can't be waived away without an act of Congress.

So this decision also paves the way for unprecedented media consolidation at both the national and local levels, and undercuts the 1996 Act's goal for a media market built on competition, localism, and a diversity of voices. There is also a lot of evidence that this wave of consolidation will lead to higher bills for consumers that subscribe to paid TV services, and yet again, another opportunity for the Trump administration to drive up prices on hardworking American families.

At the same time, the National Telecommunications and Information Administration has delayed and undermined our country's best shot to achieve universal connectivity and finally close the digital divide. The Broadband Equity, Access, and Deployment, or BEAD, Program represents the most well-financed effort to date to bring affordable high-speed internet service to every community in the Nation. Yet under the Trump administration, NTIA has sought to redirect the BEAD Program in ways that were never intended by Congress. The administration is effectively turning the BEAD Program into the Republican FCC's failed Rural Digital Opportunity Fund program, an outcome Congress specifically wanted to avoid.

So closing the digital divide also means ensuring Americans have the skills to use the internet. Yet NTIA, under the Trump administration, unilaterally and illegally stopped funding programs under the Digital Equity Act, which was a part of the Bipartisan Infrastructure Law. This act funds programs that would help seniors, veterans, the disabled, and others learn the skills needed to fully participate in today's and tomorrow's digital economy.

My Democratic colleagues and I have repeatedly requested information and answers from NTIA about its management of the BEAD Program, but their response was late and woefully inadequate.

And finally, while there is still more work to do to achieve the universal access Congress envisioned three decades ago, we are now experiencing another technological revolution driven by artificial intelligence. Unfortunately, Trump and congressional Republicans are undermining our ability to protect consumers and ensure that they are the real beneficiaries of this technology, not the victims.

As AI seemingly becomes integrated into American's daily lives, Congress must implement guardrails and consumer protections before it is too late.

And with that, Mr. Chairman, I yield back the balance of my time.

[The prepared statement of Mr. Pallone follows:]

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Mr. Hudson. Thank you.

We have now concluded with members' opening statements. The chair reminds members that pursuant to committee rules, all members' opening statements will be made part of the record.

I would like to thank our witnesses for being here to testify before this subcommittee. Our witnesses will have 5 minutes to provide an opening statement, which will be followed by a round of questions from members.

The witnesses here before us today are the Honorable Chip Pickering, chief executive officer of INCOMPAS, and no stranger to this room, a former member of this committee; the Honorable Michael O'Rielly, president of MPORielly Consulting, LLC; Mr. Adam Thierer, resident senior fellow, Technology and Innovation, R Street Institute; and Mr. Matt Wood, vice president of policy and general counsel at Free Press. Thank you all for being here.

Mr. Pickering, you are recognized for 5 minutes for your opening statement.

STATEMENTS OF THE HONORABLE CHIP PICKERING, CHIEF EXECUTIVE OFFICER, INCOMPAS; THE HONORABLE MICHAEL O'RIELLY, PRESIDENT, MPORIELLY CONSULTING, LLC; MR. ADAM THIERER, RESIDENT SENIOR FELLOW, TECHNOLOGY AND INNOVATION, R STREET INSTITUTE; AND MR. MATT WOOD, VICE PRESIDENT OF POLICY AND GENERAL COUNSEL, FREE PRESS

STATEMENT OF CHIP PICKERING

Mr. Pickering. Thank you, Mr. Chairman, and to the entire committee, Ranking Member Matsui.

As we gather today to celebrate and reflect on the 30th anniversary of the Telecommunications Act, I also want to recognize Congresswoman Dingell's spouse, John Dingell, Chairman Dingell, Ranking Member Dingell, for his tremendous leadership in the 1996 Act. And of this committee, Robert Matsui was a great leader at the time in the 1996 Act. So Congresswoman Matsui's husband. So I just want to recognize Michael Bilirakis, Gus Bilirakis' father was here during the 1996 Act.

Ranking Member Pallone, thank you for recognizing my hometown. It was discovered on Facebook, and so it is kind of interesting that social media, which emerged out of the 1996 Act, found my hometown and the stars of the show that really has resurrected and revitalized my hometown. So there are many great stories and great relationships.

And this committee has done a tremendous job of overseeing the implementation and the oversight of the 1996 Act over the last three decades.

This milestone is especially meaningful to me personally. I had the privilege of working on the Act as a staffer for Senator Lott, and then overseeing the implementation of it as a member of the Energy and Commerce Committee.

Today, I see its lasting impacts on the private sector as CEO of INCOMPAS. I get to represent the companies building the networks that power our digital economy. INCOMPAS represents competitors building networks of the future, innovators creating and delivering internet content, and AI infrastructure companies that ensure we have the energy and infrastructure needed to win the global AI race.

Our members are catalysts for economic growth and for improving the quality of life for all Americans through technological innovation, new services, greater choice for consumers and businesses. These services they offer today were made possible by the 1996 Telecommunications Act.

Few pieces of legislation have had as profound and enduring impact on our economy and society. At its core, the Act was grounded in a simple but powerful principle: Competition drives innovation. And Congress made a deliberate choice to break down monopolies, open markets, and allow new entrants to compete. That decision helped unleash unprecedented private investment, expand consumer choice, and create the foundation for the modern internet.

The light-touch, pro-innovation approach is a key reason the United States became a global leader in the internet. The Act helped create the policy framework that allowed the internet to grow as an open, dynamic platform, and by encouraging competition and removing unnecessary regulatory barriers, Congress set the stage for innovation at the edge, where entrepreneurs, startups, and new ideas could flourish.

The Act reflected a broader national commitment to universal connectivity. Universal service is not just a policy; it is a promise that every American, regardless of where they live, can access our networks and participate in the digital economy. It is why the transition to next-generation networks must be done responsibly and with access to critical infrastructure, preserving and protecting public safety, and keeping those principles in mind. That promise remains just as important today as it was 30 years ago.

Today, we are entering a new era defined by artificial intelligence, cloud computing, and next-generation networks. The infrastructure that INCOMPAS members are building -- fiber, data centers, energy transmission and generation, the global connectivity platforms -- is a direct result of the policy decisions made in the 1996 Act.

And just as before, success will depend on getting the fundamentals right: promoting competition, removing barriers to deployment, encouraging investment through predictable national framework policy, and ensuring that connectivity remains open, accessible, and secure.

The lessons of the Telecommunications of 1996 is clear: When Congress sets the right framework, the private sector delivers, investment follows, innovation accelerates, and consumers benefit. The 1996 Act endures not because it anticipated every technology that followed but because it was anchored to principles that transcend any particular technology: competition, openness, and universal connectivity.

We are now writing the first sentences of the next chapter, and I would ask that you write them with the same clarity of purpose. That means streamlining permitting so that data centers, fiber networks, and transmission and energy infrastructure can be deployed without years of regulatory delay, and advancing competitive energy policies that ensure the power required to run an AI-enabled economy is available and accessible to all market participants.

And just as the 1996 Act unlocked the internet era, this committee has a real opportunity, more importantly a duty, to lay the foundation for America's future in AI and digital infrastructure, and the country is counting on you to get it right, and I look forward to working with you.

[The prepared statement of Mr. Pickering follows:]

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Mr. Hudson. Thank you.

Mr. O'Rielly, you are recognized for 5 minutes for an opening statement.

STATEMENT OF MICHAEL O'RIELLY

Mr. O'Rielly. Subcommittee Chairman Hudson, Ranking Member Matsui, full committee Chairman Guthrie, and Ranking Member Pallone, thank you for the opportunity to participate in today's hearing on such an important topic.

I am Michael O'Rielly, an independent consultant in the telecom media technology space. I am likely here before you today because a little over 30 years ago, I sat at a table like this, in this room, in this institution, to help pass legislation as part of this committee. I also stayed to see its implementation and eventually moved to the FCC as a commissioner from 2013 to 2020.

I am really sitting here because of the legislative skills of one of my former life mentors, former Chairman Tom Bliley, whose picture hangs on the wall before us, and only because of him did the Telecom Act become law. He was able to finesse the substance, the egos, and wishes of the members of the committee, and the uniqueness of the other body to reform the underlying law and cross the finish line, as no one did before and no one has since.

Sectors of the industry flourish because of him and his vision, and we are all better because of his ability to pass legislation into law.

The lessons of the Telecom Act, what went right, what went wrong, which aspects remain contested, and what fell out of scope can be instructive for the subcommittee. Humbly, after a long review, I identified six lessons that shaped how I approach legislation throughout my professional career.

First, comprehensive legislation is extremely difficult. The Telecom Act was enacted, partly

because the right conditions existed, driven by the desire of various companies to compete in the then-existing local and long-distance telephone markets. That single purpose helped propel the other provisions forward. It often takes a very strong engine to pull the rest of the cars forward.

Second, key industries were intentionally excluded or only marginally affected. Although the Telecom Act included reforms across many areas, some sectors or segments of the industry, such as wireless and the internet, were not included or only marginally impacted.

Third, timeliness and asymmetrical trade affected outcomes. Resolving the local and long-distance telephone disputes, which faced a fairly turbulent process, was driven by older legal and regulatory challenges. Congress likely overestimated how difficult it would be to open the local telephone voice market to competition, which still faces obstacles, but it is thriving in many instances.

Fourth, Congress cannot rely on the implementing agency. Once enacted into law, much of the responsibility for implementing the law shifted to the FCC. While the agency addressed some issues effectively, there were numerous instances in which the law's provisions were either intentionally or unintentionally misapplied.

Some of these outcomes aligned with my views. In other instances, the abuses were extremely difficult to accept. My advice to policymakers is to explain in great detail what they want an agency to do and, more importantly, what they do not want them to do. Do not rely on the faith that an agency will do the right thing.

Fifth, compromises proven painful. The legislative process often requires tradeoffs to simplify the process and garner support. In nearly every instance in the Telecom Act, a seemingly harmless provision, one that would have drawn opposition from the Republican majority if examined standalone or separately, was used differently than intended and given more significance than it deserved. That is not a failure of the law's authors but those who gave their word on what they really wanted from the provision.

And sixth, we are still litigating vague language. Several key provisions are still being challenged 30 years later. That has proven to be highly problematic.

As to whether Congress should undertake a major rewrite of our Nation's communication laws, focusing primarily on the Communications Act of 1934, and, if so, what should be included, I do not at this time see demand for comprehensive reform.

This notwithstanding, there are several areas the subcommittee could consider taking action, including completely deregulating the video service marketplace or, alternatively, expanding FCC forbearance authority to apply to video providers and operators; reforming universal service, but only if it addresses all three elements of distribution, contributions, and administration; continuing to push satellite regulatory reform and simplification; and preempting State regulation over standalone VoIP.

I welcome any questions the subcommittee may have.

[The prepared statement of Mr. O'Rielly follows:]

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Mr. Hudson. Thank you.

Mr. Thierer, you are recognized for 5 minutes for an opening statement.

STATEMENT OF ADAM THIERER

Mr. Thierer. Chairman Hudson, Ranking Member Matsui, and members of the committee, thank you for the invitation to participate in this important hearing.

My name is Adam Thierer, and I am a senior fellow at the R Street Institute where I cover technology policy. I have spent 34 years working on communications and media policy issues, and in the early 1990s, I worked closely with members of this committee and others in Congress on what would eventually become the Telecommunications Act of 1996.

It was an exhilarating time when many of us hoped for comprehensive modernization of communications law and bold reforms of the Federal Communications Commission. Ultimately, however, the Telecom Act has not lived up to those lofty expectations.

America's information ecosystem remains overregulated and subject to far too much FCC meddling with both markets and speech. This happened because the Telecom Act failed to impose serious constraints on the FCC and even empowered the agency to regulate in new ways using many open-ended powers on top of the many older rules that remained untouched by the law.

Twenty-six years ago, while testifying before the House Oversight Committee about the FCC, I noted that just 4 years after the supposedly deregulatory Telecom Act passed, the agency had only grown bigger and more powerful. Quote, "There is simply no development within the communications marketplace today that is not scrutinized under the FCC's regulatory microscope," I noted in 2000.

Unfortunately, that remains true today even though most experts agree, quote, "Its original

mission has faded and, worst yet, the FCC has become increasingly politicized," end quote. While the Telecom Act sought to promote competition and reduce regulation and encouraged the FCC to forbear from overregulating, it became clear quite quickly that the agency would never relinquish control.

The FCC has taken advantage of the fact the Telecom Act was, in the words of the Supreme Court, quote, "a model of ambiguity or indeed even self-contradiction." The agency used the law's many vague provisions and the countless existing rules to continue micromanaging markets and speech. As one leading analyst concludes, the agency's, quote, "broad grant of authority, combined with its impenetrable complexity, means that it has nearly boundless ability to distribute favors and shape the trillion-dollar technology and media industries."

Today, the FCC ranks first among independent regulatory agencies in terms of rules promulgated, and an estimated 88 percent of those rules affect small businesses. These continued mandates raise costs by undermining innovation and competition. The agency only seems to be willing to loosen restrictions once sectors or technologies have become completely obsolete, as when the FCC finally scrapped its Morse code regulations in 2007 and eliminated rules governing telegraphs and phone booths just last year.

The good news is, is that innovations in digital computing, e-commerce, smartphones, and video streaming were able to accelerate rapidly because they were not constrained by the FCC or older, quote, "Mother, May I?" regulations.

But this has left us with a bizarre and unfair situation. The innovators least regulated by the Telecom Act and the FCC are freer to innovate and to speak, while the sector still under their control remain burdened by excessive economic and speech controls.

Congress needs to address this situation and should do so by undertaking a thorough regulatory spring cleaning, as I like to call it, to address the unfinished business of the Telecom Act.

Technological change has made the traditional rationales for FCC regulation largely obsolete.

Congress should establish clear timetables for the gradual phase-out of outdated media and telecom restrictions to free older sectors and ensuring that the FCC will not expand its mission to become a veritable "Federal Computer Commission."

Most old policies can be sunset after an orderly 2- to 3-year winddown. Congress should pass a new communications freedom act that would, number one, scrap wireline communication -- common carrier regulations and media industry mandates and let the Federal Trade Commission and Department of Justice handle competition policy and consumer harm matters.

Number two, depoliticize the spectrum and treat it as a fully flexible and tradable property right, then transfer any remaining technical spectrum allocation and management tasks to the National Telecommunications and Information Administration or a technical coordination body.

Number three, convert inefficient universal service programs into means-tested welfare programs administered by other agencies or State governments.

Number four, sunset arbitrary, quote, "public interest" authority and FCC speech controls to protect the First Amendment rights of all speakers and listeners.

Number five, preempt or simplify remaining State barriers to competition that undermine interstate competition investment.

In closing, the key lesson of the Telecom Act experience is that it is essential for Congress to get the job done when looking to clean up past messes, and even more crucial, to not create new problems in the process. No matter how well-intentioned any of these rules may have been, the resulting regulatory regimes have had many unintended consequences and costs for innovators and the public.

The danger of continued FCC meddling in existing and emerging information technology markets remains real, and Congress should address the unfinished business of the Telecom Act by cleaning up this mess for good.

Thank you, and I look forward to your questions.

[The prepared statement of Mr. Thierer follows:]

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Mr. Hudson. Thank you.

Mr. Wood, you are recognized for 5 minutes for an opening statement.

STATEMENT OF MATT WOOD

Mr. Wood. Chairman Hudson, Ranking Member Matsui, thank you for inviting me to testify at this landmark hearing.

Such discussions about three decades of change often look back to now quaint-sounding tech trends and touchstones. Yet there are timeless principles in the 1996 Act, places your predecessors and their staffers, like many of my fellow witnesses, got it exactly right, not always in the terms they wrote but in the values they espoused.

Sadly, the Trump administration is trashing many of those values. I would like to explain how, and then look forward to four ways this subcommittee and the agencies you authorize can meet the Act's goals. Those include establishing solid ground for Federal oversight of our Nation's networks; investing in affordable broadband for everyone; promoting diverse media, not cheerleading mergers or censorship; and staying out of online content regulation and AI preemption where agencies under your watch have no role.

First, the FCC abdicated authority Congress gave it over the essential service we now call broadband, but we can disagree on which protections should apply to that service, including net neutrality rules often debated in this room. We must move beyond the word games about what qualifies as a telecom service.

Free Press believes broadband clearly fits that definition, and the Sixth Circuit decision that held otherwise last year is plainly wrong. But we must fill this vacuum if we want deployment, to quote the Act, "of advanced telecommunications capability to all Americans."

Funding universal broadband and protecting users from overlong outages and other abuses requires sound jurisdiction. Industries' assault has erased advanced telecommunications from the law Congress wrote. Not every Title II provision should port over, but the heart of that law, updated in 1996, is ensuring service on just, reasonable, and nondiscriminatory terms. That is a timeless promise, no expiration date, no tether to past technologies.

We need a firm, flexible framework for public investment and safeguards. Corporate forces alone won't provide affordable, robust access to every corner of your districts.

Lawmakers must do more too. The Lifeline program remains crucial, but $9.25 a month isn't adequate. Yet Chairman Carr wants to cut enrollment to score partisan points. And this NTIA has delayed BEAD money, which I think is a funny remedy for complaints about past delay.

Instead of renewing the Affordable Connectivity Program, as Commissioner O'Rielly advised, Congress let it lapse. Will we really spend $1 billion a day for reckless wars but not $30 a month to keep a kid connected to her homework?

The FCC should not set broadband prices, but it should know what they are. Carr has ignored statutory mandates and said he would stop even looking at price. He claimed in your last Oversight hearing that the prices he won't measure are falling, but as my written testimony explains, Carr is misleading you, and the story is more complicated.

This FCC chairman ignores facts, laws, and even the Constitution when he pleases, so long as it pleases this President. He attacks free speech and freedom of the press. He threatens broadcasters for coverage he doesn't like. Carr twists the public interest standard, then blames Democrats and says, "They did it first."

No one can criticize past administrations but stay silent on Carr's abuses if they truly want to defend the First Amendment. Carr says this is all to empower local broadcasters, but he is just favoring the conglomerates he likes.

Giants like Nexstar are local, the same way CVS is a local pharmacy. Nexstar eagerly joined

in Carr's Jimmy Kimmel debacle to win those favors, and Senator Cruz even called that dangerous.

The prospect of local TV news monopolies complying with government demands is dire. It is frightening for any democracy that values debate and descent. Yet just last week, Carr unilaterally blessed Nexstar's merger, flouting the national cap we have heard about today that Congress set in 2004.

It should alarm members on both sides when any FCC ignores statutes. Commissioner O'Rielly once called this specific trick a preposterous attempt at, quote, "one of the biggest backdoors in the history of legislating."

Carr wrongly holds up some deals, though, until companies end their diversity and inclusion efforts, with no proof of wrongdoing or relevance to merger review. He imagined invidious harms to people who look like him. Yet looking at this panel, I would say White men still have a shot in this field.

My written testimony addresses bad ideas like the FCC preempting State AI laws or using Section 230 to police platforms outside FCC jurisdiction. The latter reminds me of what I believe Mr. Thierer and O'Rielly called some conservatives' evolving views on regulating the internet.

Free Press actions support Section 230, as I testified here in 2021, and I know that not all of you do, yet I hope we can agree these provisions are not the FCC's to enforce.

So agencies and Congress must do more to honor the Act's goals but no more of the damage this administration has done in just over a year.

Thank you, and I look forward to your questions.

[The prepared statement of Mr. Wood follows:]

******** COMMITTEE INSERT ********

Mr. Hudson. Thank you. We will now begin questioning, and I recognize myself for 5 minutes.

Mr. Pickering, your opinion -- I want to dive a little deeper. You talked kind of top level about some successes and failures of the Telecommunications Act. What do you see as kind of the top success, top failure? Do you think the Act works as Congress envisioned it at the time you wrote the Act?

Mr. Pickering. As we look at the three buckets -- successes, surprises, still to do -- the great success is that we as a Nation really over two decades, starting with the divestiture in 1981 to 1984 of AT&T and the long-distance market, we rejected the natural monopoly theory and the heavy-handed regulation required to regulate rates and prices and investment and infrastructure and construction and all that is involved in monopoly-based regulation.

The long-distance competition that emerged in the 1980s that ended up changing the networks from copper and analogue to fiber and digital, that became the internet backbone, then said to Congress and every policymaker, competition works. It is better than monopoly. Prices get lowered, consumers benefit, investment rises, innovation rises.

And as you look at 1996, don't look at it just in the one act. Look at the 1992 Cable Act, which introduced satellite competition to cable. And satellite was digital, it could do a thousand channels, and cable was still analogue and they could do 30 channels. And that competition made cable upgrade their networks to digital so that you could begin to have the internet capacity in the last mile.

Then the competitive wireless auctions in 1993 rejected duopoly wireless policy for full competition, seven licenses per market, and it went from analogue to digital, which gave the networks the capacity to have the iPhones that we enjoy today.

And then the 1996 Act was really the culmination of competition policy for two decades, and

it was a bipartisan commitment of all of the Energy and Commerce Committee on all of those actions that brought us to what I think the 1996 Act got right: Remove all barriers to competition -- I mean, all barriers to entry so that all networks, whether it is cable, telco, wireless, satellite, fixed wireless, whatever imaginable advanced network emerges into technology that they can compete against each other and that you interconnect, you interoperate, and all the devices interconnect and operate over that network of competition.

We got that right, and because of it, the market forces and the technology forces, even though there was regulatory friction with the FCC, you could say that maybe we were not as clear in our definitions and that we delegated too much to the FCC.

The unleashing of competitive market forces have given us the world in which we now live and the success of the digital economy and infrastructure and now the emergence of AI. It all rests on removing those barriers.

And we got permitting and deployment right too, that everyone could enter with access to rights of ways and poles and conduits and to build the new infrastructure of the digital age and economy. We got that right.

So those were the successes.

Mr. Hudson. That makes a lot of sense. If the government had mandated building this infrastructure we have got out there, I shutter to think how far back we would be, in the Stone Age.

Mr. Pickering. And one last thing. This committee -- I think when the Telecom Act passed the House, it was with about 90 percent of the House voting in support of it. Same in the Senate, 95 to 5. Now, it took, you know, those two decades to reach agreement and consensus, and it took really two Congresses to get to the 1996 Act. There was a close Act, 1993, 1994, but in the end, it was relationships, it was bipartisanship. And that bipartisanship of this committee has made 30 years of sustainable, predictable policy and the framework enduring and sustainable.

So that is the other big success of that act.

Mr. Hudson. That is a good point.

Well, I am running out of time, so I am going to submit a bunch of questions to the rest of you.

I just want to say to the panel, your testimony, your written testimony, the testimony you are giving today is really valuable, and I really appreciate the thought you put into it, because you were there and you've seen it, and so I think your perspectives are really important for this committee as we look forward. So thank you to all the witnesses.

And in the interest of being able to keep everybody else on time, I will stop and recognize my ranking member, the gentlelady from California, Ms. Matsui, for her 5 minutes of questions.

Ms. Matsui. Thank you very much, Mr. Chairman.

And let me just say this -- I am going to go right into it -- I have been very clear that the Trump administration can't use communications law as a backdoor to wipe out State AI protections. That is why I coauthored guardians -- the GUARDRAILS Act with Congressman Beyer, to repeal the Trump AI executive order. The EO is a dangerous attempt to bully States out of enforcing their AI laws, threaten broadband funding, and direct the FCC and NTIA to act beyond their authority.

Mr. Wood, does the Telecom Act of 1996, or any law, allow the FCC to preempt State AI laws? And that could be a yes or no.

Mr. Wood. No. They would have to be preempting laws that inhibit the deployment of telecom services, and that is not what we see here.

Ms. Matsui. Okay. The Trump administration seems to claim that because some State AI rules might affect telecommunications providers, the FCC can step in. Why is that wrong?

Mr. Wood. Well, I mean, sure, I can imagine some laws impacting them, but that is not what States are doing. States are passing consumer protection laws, civil rights laws to prevent discrimination, concerns about data centers being built in their backyards. And so those kinds of laws clearly have nothing to do with most telecom providers, and that would be far too broad of a

tool.

Ms. Matsui. Right. Right.

Okay. So I want to make one point clear. The Telecommunications Act was not written to erase the role of States. Congress recognized that States are often closest to the communities affected by these policies and that they have an important role to play alongside the Federal Government.

Mr. Wood, what are some of the clearest examples in the Act where Congress expect the States to remain partners in shaping communications policy?

Mr. Wood. Yeah, that is a great question. There are lots of examples of cooperative federalism I think it was called, if I can say it, and there were places where, as Congressman Pickering talks about, States and the Federal Government worked together to open these long distance and local markets. There are other places where jurisdiction is more divided and where wireless was given to the States to some degree but not completely. So it really was a partnership and not some sort of preemption or wipeout.

Ms. Matsui. Okay. So if Congress were to revisit the Telecom Act, what lessons from that Federal-State partnership should we be preserving rather than abandoning?

Mr. Wood. Yeah. I mean, I think it has been a bipartisan ideal that the States can be laboratories of ideas. That doesn't mean every idea is good, but we should let States do what they need to do to assess situations and protect their residents against any kind of harm in order to unleash those benefits we have heard about today.

Ms. Matsui. Right, right, right. Okay. Thank you.

Mr. Thierer, you have criticized Chairman Carr for threatening broadcasters reporting on the Iran war in ways that President Trump doesn't like. You wrote that Carr's use of the broadcast hoax and the news distortion standards is, "particularly misleading, as the FCC's own rules define those terms far more narrowly than his rhetoric suggests." Do you stand by this statement?

Mr. Thierer. Yeah, absolutely. The FCC should have no business regulating news distortion, and all better reason to reform the public interest standard, if not eliminate it.

Ms. Matsui. Sure. Good. You also wrote that "Carr offered no criteria, no specific broadcast, no standard by which a regulator could distinguish impermissible reporting from legitimate journalism." Do you stand by that statement?

Mr. Thierer. Absolutely. We have seen the same sort of abuse of regulation we have seen for about 60 years on this front.

Ms. Matsui. Okay. So you went on to warn that the public interest standard is being reduced to a loyalty test administered by the FCC on the White House's behalf.

So let me go on here. Mr. Wood, your testimony says that Chairman Carr is thumbing his nose at both Congress and the Constitution, including when he ignored both the evidence and the law to approve the Nexstar-Tegna merger.

How did the Trump FCC break the law here, and how are they misrepresenting this merger's impact on local news and consumers?

Mr. Wood. So we think that the point of these deals is to eliminate local news. Sometimes they will claim they are increasing it, but what they are often doing is just having nationalized content being pushed down to local stations and repeating stories that you can see on other stations.

We think the Bureau order last week that Mr. Pallone talked about basically ignored all of that evidence, and so there are lots of procedural defects. But as Commissioner O'Rielly could attest, the biggest flaw, in our view, for this subcommittee is Congress wrote that 39 percent cap on national reach, and this FCC has purported to waive a statute, which is not within its power.

Ms. Matsui. Okay. Well, I don't have much time here either, so I will follow the chairman's edict here, and I will yield back.

Mr. Hudson. Well, thank you so much.

I now recognize the chairman of the full committee for 5 minutes for your questions.

The Chair. Thank you.

And I want to point out the AI framework that came from the White House does have the four Cs. One is community, and it makes sure that each local community has the right -- and their rights are protected in any kind of national framework. So that is good.

But also, in States, our laboratories for democracy, they have good ideas and bad ideas. Sometimes the bad ideas affect people that live in other States too, particularly States that are so big that they can really force regulation. So it is interstate commerce, and so there is a role for the Federal Government in that as well in a preemptive way.

So, Commissioner O'Rielly, as we look to ways to update our communications laws, one thing sticks out to me. The United States is one of the few countries -- developed countries that has two communication agencies. Does this still make sense? Should we look at combining the FCC and NTIA?

Mr. O'Rielly. So I think my view is changing based on the experiences of what is happening in this administration. If you are going to have less of an independent FCC, then the combination makes a lot more sense. Having duplicative reviews of mergers, in my mind, doesn't make sense no matter how many agencies you have.

So I have advocated that we combine the merger review of DOJ and FCC, but the less independent the FCC is, then the less need. I think there is value in having an independent agency that I worked with many years and worked at for many years, but that is for you and others to decide.

The Chair. Thank you.

So, Mr. Pickering, you discussed that the Telecom Act endures because it is anchored in principles that transcend any particular technology. I have long advocated for a technology neutral approach to regulations, but the Telecom Act still regulates the industry based on different technologies. How should Congress change the law so it becomes technology neutral?

And, Mr. O'Rielly, while he is answering, if you will think of your response to that, that would be great.

So how can we do it technology neutral?

Mr. Pickering. So, today, we are in an intense build period. We are building the AI infrastructure, but we are also building historic levels of private investment and broadband connectivity, and the BEAD historic levels of Federal funding. And what we are learning -- and this is a good demonstration of technology neutral.

In the BEAD Act, the Trump administration changed to a technology neutral approach, and it recognized that fiber, in many ways, as our States looked at it, is foundational. You have backhaul to wireless. You extended fiber for fixed wireless. Satellite still has to connect to fiber. But we want it to be technology neutral.

And INCOMPAS members are all of the above. We have fiber companies, wireless companies, fixed wireless, and satellite. So we support that approach, but they are all building in a convergence of how the consumer broadband market is going to work.

The Chair. Well, how does the current law disadvantage certain technologies versus the other?

Mr. Pickering. Well, I would say that, today, it doesn't disadvantage, that we need the expertise of the FCC and NTIA on spectrum policy. We need it in the cable broadband, telco, fiber, competitive fiber, and the wireless. New technologies in LEO --

The Chair. So the cable companies will say that they are regulating in a certain way, and they are competing with broadband. So if you have YouTube TV or Google or whatever, then they are competing. So the question is, do you bring those into the regulatory framework or do you relieve some of the regulatory framework for the other technologies?

Mr. O'Rielly. You absolutely do the latter. Don't try and scoop in streamers into Title VI. I appreciate the work that you have done in this space and have recognized how video needs to be

deregulated.

The Chair. So how would you do the technol- -- how would you address technology then different? I agree with you. I agree with what you are saying.

Mr. O'Rielly. Most of the services that are regulated under the Communications Act can be deregulated substantially. Provisions can be stricken by this committee, and those -- you know, if you give a forbearance authority that is targeted and has not been abused, then I think that can be helpful along the cases specifically in Title VI in the video service section.

The BEAD Act, as Congressman points out, does have something that Congress put in, which is you must be technology neutral, and the previous administration tried not to do that. This administration has corrected that substantially and has actually been --

The Chair. Tried not to do that. Do you know how many inches of fiber were put out after the BEAD Act passed in the last administration? We can measure it in inches. Zero.

Mr. O'Rielly. Zero.

The Chair. Zero because of all of the requirements on it.

Yes, Mr. Thierer, do you have an answer?

Mr. Thierer. Very briefly, Mr. Chairman. The easiest way to address this, if the FCC is going to continue to exist, is to collapse all the titles and silos into one simple title that basically treats everything as an information service. We should not have analogue-aged distinctions be the basis of digital age information technologies. We need parity, we need simplicity, and that is how we do it.

The Chair. Thank you. Well, that is perfect.

My time has expired, and I will yield back.

Mr. Hudson. Thank you, Mr. Chairman.

The chair now recognizes the ranking member of the full committee, Mr. Pallone, for 5 minutes.

Mr. Pallone. Thank you, Mr. Chairman.

Local broadcasters are some of the most proudful voices shaping public opinion, and because of that, Congress imposed a national ownership cap for broadcasters to ensure the needs of local communities are met. Importantly, there is nothing in the statute to suggest that the FCC can adjust this cap.

So this is what makes the FCC Media Bureau's recent approval of the Nexstar-Tegna deal so concerning to me. The agency just decided to waive the cap in violation of the law, and, once again, President Trump's buddies win while consumers lose.

So I have got a bunch of questions, so I am going to ask all of you not to take too long to answer them, but let me go to Commissioner O'Rielly. You recently filed an amicus brief where you laid out why only Congress has the authority to change the national cap, not the FCC. Am I correct?

Mr. O'Rielly. Yes.

Mr. Pallone. All right. And we agree on that.

Now, Mr. Wood, my Republican colleagues have suggested that the ownership caps are preventing broadcasters from competing with Big Tech. Is that a valid argument to allow for further broadcast consolidation?

Mr. Wood. No, I don't think it is valid. We looked into antitrust metrics that suggest they are not, and broadcast executives themselves go to Wall Street and they say we have a competitive moat around our service because it is a different product. So, yes, they are competing for advertising dollars in some large sense, but they are not actually competing over the same services or the products they are delivering to people.

Mr. Pallone. And how are consumers harmed by the Media Bureau's decision to ignore the cap and allow Nexstar to purchase Tegna?

Mr. Wood. I mean, we think in several ways. For one thing, we will see reduced diversity in local news and reduced competition. We will see more journalists laid off because that is really

what these deals are designed to do, to create what companies call synergies but that means job cuts.

Another synergy they have promised their investors is they will make more money off of retransmission consent, which as members of the subcommittee will know, is when broadcasters are getting payment from cable companies for their signals. So re-trans is a good thing for broadcasters, but having artificial power to inflate it and pass that cost off to customers is exactly what this deal is designed to do.

Mr. Pallone. All right. Thank you.

Let me go to the BEAD Program. I have always been supportive of NTIA's efforts under the BEAD Program to prioritize the most robust and future-proof technologies for deploying the next generation of broadband networks. And Americans lacking high-speed internet are eager to see these types of networks built in their communities because they are essential to participating in today's economy.

And that is why it was so disappointing that the Trump administration has, I think, sabotaged the BEAD Program by prioritizing the cheapest technologies for short-term savings rather than investing for long-term productivity and economic growth.

Mr. Pickering, you touched on this. You stated in your testimony that, and I quote, "Universal service is not just a policy; it is a promise that every American, regardless of where they live, can access our networks."

So why is fiber foundational to achieving the 1996 Act or aim of universal connectivity? I know you briefly talked about fiber versus satellite, but I am trying to find out why fiber is still foundational.

Mr. Pickering. The way that network architecture works, whether it is a fixed wireless, it comes back to fiber as quickly as possible. 5G networks backhaul to fiber and get to fiber as quickly as possible. LEO, the satellite networks, need to have a terrestrial fiber network to function and

work.

So fiber is still the founda- -- if you look at it like you are building a house, it is still the foundation of every network, and you want to get back into fiber because it is the highest capacity, most secure, fastest, and scalable network base.

But all of these other technologies -- wireless, fixed, LEO -- are also critically important into the builds, and each kind of represent a way to get to market as quickly as possible, at a cost-effectiveness, and in rural and remote and hard-to-serve areas. So an all-of-the-above approach we think is the right approach.

But recognizing that fiber, the more that we can extend and densify fiber, in an age of AI and connectivity to data centers and then the applications and the uses of AI, we need all networks working, and we need a fiber foundation to make all of the others on top of it as fast and as reliable and as robust and as resilient as possible.

Mr. Pallone. Well, thank you.

And, Mr. Wood, there are only 30 seconds here. But in addition to fiber networks, what else do consumers need to have access to so they can truly benefit from technological advances? You have got 20 seconds.

Mr. Wood. Well, they need robust networks, but they also must be able to afford them and know how to use them. And so that's why the Bipartisan Infrastructure Law was so important, to hit all three of those points.

And I understand the calls for tech neutrality, but really the genius of that law was letting States make that choice for themselves, and I think that is where we have seen the current administration kind of interfere too much also.

Mr. Pallone. Thank you.

Thank you, Mr. Chairman.

Mr. Hudson. Thank you.

The chair now recognizes the vice chair of the subcommittee, the gentleman from Georgia, Mr. Allen, for 5 minutes for your questions.

Mr. Allen. Thank you, Chairman Hudson, for holding this important hearing, and I thank the witnesses for your expertise and testimony here today.

As we mark nearly 30 years since the passage of the Telecommunication Act of 1996, it is clear that the communication landscape has changed in ways few could have envisioned. At this particular time, with advancing technology, challenges still exist. It is a moving target, I mean, and it is fast. It is important that we evaluate what has worked, what hasn't, and how we can improve it.

Commissioner O'Rielly, I represent a pretty rural district, and many providers in rural America have come to rely on the Universal Service Fund. Has the Universal Service Fund worked as intended when Congress wrote the Telecommunications Act of 1996?

Mr. O'Rielly. Well, I have given speeches to this effect. I think that the implementation of that language was far beyond what anything Congress envisioned. But accept that and set that aside for a second.

I think that it has generally worked. There are problems because USF needs to be modernized on the distribution side. You have got a high-cost program with 12 or 13 programs that are fighting themselves. They are also fighting the E-Rate program. You have E-Rate and high-cost subsidizing two different providers in the same community where no provider could actually survive by themselves. So it is a problem.

You have a Lifeline program that has got problems, fundamental problems, and you can say, well, we support connectivity or affordability, but this program isn't working as intended and needs substantial rewrite.

So I would say universal service distribution needs an entire overhaul. Though the concepts I have endorsed and supported and advocated, it only takes you one trip to go to Alaska and realize how beneficial USF is.

Mr. Allen. Right, right. Well, I have conflicts between one county that the telephone operator can use universal services and in the next county they can't. And so one has internet, full internet coverage, and the adjacent county does not. So thank you for that.

Mr. Pickering, what do you think? How can you add to that conversation?

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[11:15 a.m.]

Mr. Pickering. You know, USF, as we see the build out right now, both historic levels, as I mentioned by the private sector, historic levels with BEAD funding from the public sector, and the -- BEAD is just now hitting the shovel to the ground. And so, as we go through the next year, two years, we need to assess what the right size of the USF should be post-BEAD, and then look at the right reforms, as Commissioner O'Rielly mentioned: How do we right size it, keep what is critical and core? How do we reduce the size of the USF? And one thing that we need to make sure that we don't do, we don't need to tax the innovation economy, and we don't need to put fees on the innovation economy that could then be replicated by our international competitors that would disadvantage us. So those are measure, right size, reform.

Mr. Allen. And Federal procurement policies are wrecking the whole thing. I mean, best implemented by the local folks who own the local transmission lines and poles and things like that. So it just seems like it is one conflict after the other.

Commissioner O'Rielly, the Telecommunications Act did very little to regulate wireless networks, and yet wireless is probably the most common way we stay connected with others today. How did this happen, and what lessons do we take from this?

Mr. O'Rielly. Well, it happened because Congress addressed it a couple years -- 3 years earlier over in 1993 and addressed kind of a lot of the structural issues and set up the auction process, and so it was done differently. And, similar to how this committee has acted on spectrum last year, setting the framework for spectrum for a number of years and as you debate whether to do something on some of the other pieces. So it is kind of a separate universe.

The lesson is that, you know, there are pieces in OBRA-93 that you -- one that you obviously know very well because this committee -- auctions are the only way to -- only the best way and the

only way to award licenses, and allocation must happen. We must have more spectrum, and we have to clear from inefficient users.

And then you have the issue of, how do you deal with States? Mr. Wood referenced States have some involvement in the wireless, and they actually have very little role in wireless service, and it has actually worked very, very well.

Mr. Allen. Yeah. And, Mr. Thierer, I wanted to get your input on it, I have 12 seconds.

Mr. Thierer. In 2007, when Steve Jobs announced the iPhone, he didn't stand up and say, "Is this in the public interest, and do I need to get a permit from the FCC to do it?" He launched it, and the rest is history.

Mr. Allen. Good. Thank you. I yield back, Mr. Chairman.

Mr. Hudson. Thank you.

The chair now recognizes the gentleman from Florida, Mr. Soto, for 5 minutes for your questions.

Mr. Soto. Thank you, Chairman. Orlando is now the 20th largest metro area. We relish the opportunity to have local stories, local voices about central Floridians, and there is a reason why we have laws preventing any one company from owning it all, protecting these local stories, ensuring competition, multiple viewpoints. Yet we saw the FCC just approve the Nexstar Media Group acquisition of TEGNA on March 19th, a deal valued at $6.2 billion, where one company would own 265 local broadcast stations in 44 States, and D.C. That goes well beyond the 39 percent national cap to now a company that would reach 80 percent of the market. There isn't any language that I know of in the FCC laws that allow for waiver of this cap, which is why eight attorney generals have filed suit on this issue. And President Trump, to his credit, has flip-flopped more than a Mar-a-Lago beach goer on this issue. "No expansion of the fake news networks," he said, as recently as November 2025. Three months later, quote, "We need more competition against the enemy, the fake news national TV networks." I am sure future Congresses are going to be fascinated to learn

about his change of opinion.

In the meantime, Mr. Wood, is FCC Chair Carr's magical mystery waiver lawful?

Mr. Wood. No. I like the Beatles reference, too. But, no, it is not lawful. Congress wrote that law, and whatever people think about broadcasters need to get bigger, we think they tell a different story to their investors than they tell you, but Congress has to be the one to change that law. The FCC can't simply ignore it.

Mr. Soto. Now, you mentioned nationalizing content, reduce journalists, reduce diversity. Walk me through for my constituents, you know, they are getting their local stations now talking about these local stories, what changes when these things happen to a medium-sized market like Orlando for our local news?

Mr. Wood. Right. And it is not in every market, but several markets, at least 35 around the country where these two conglomerates have overlapping stations, what they do is they put those news rooms together, and they often just wind up having the same story on two channels. So, when they talk about the benefits of increased coverage, really what they mean is now you get the same thing on two, or sometimes three, or even four channels, and we simply don't think that is a good way to use that spectrum.

Mr. Soto. You know, I love Jacksonville and Miami and Tampa. We have great members on this committee, but would you see a consolidation where Orlandoans would see a lot of these other media markets in Orlando, rather than local stories, right?

Mr. Wood. Yeah. I mean, that is what they talk about. They talk about synergies. They talk about cutting cost. They touted a local benefit as being now more stations will have access to Nexstar's Washington, D.C. bureau. Washington, D.C., is important, but it is not local in Orlando, and it is not local in every other place in the country.

Mr. Soto. Sure. I did want to talk about the BEAD Program, too. You know, we passed it in November of 2021, a $42 billion program. And, in 2024, all the States had plans approved. We

were ready to roll across the Nation. And then President Trump stopped it in its tracks in early 2025 to, quote, remove unnecessary rules and mandates to improve efficiency, to cut unnecessary red tape, and streamline deployment. Streamline deployment. What a joke 15 months later. Florida still hasn't gotten our money for rural broadband. Mr. Pickering stated Mississippi hasn't gotten it either, among others.

Mr. Wood, how does this delay affect rural families, farms and businesses?

Mr. Wood. Well, I think every day delayed is a day not connected, quite obviously. I understand there is some frustration about the last administration, but as you said, they were getting to that finish line. And that was really part of the design of the law was to let States take control and take the reins, and not have the kind of top-down approach we have seen in previous FCC efforts.

So, yes, there was some time taken to consider those plans, but really that was what Congress said, the States should have the power. And, as they were getting ready to exercise that power and start getting money out the door, everything was called to a halt, once again, at the start of the Trump Administration.

Mr. Soto. Mr. Pickering, how has it affected, the delay affected rural families and businesses in Mississippi?

Mr. Pickering. You know, as we -- in a place like Mississippi, where so many of our communities are not connected as they should, we want to get BEAD deployed as quickly as possible, broadband built to places in the Mississippi Delta, and all through the rural areas of the State.

I do think that we are now poised to see the build part of BEAD, and I celebrate that all the States now just about have approved, and the funding is going out and that they are getting it right. And there is also a major next phase and the benefit of the bargain savings, so we really want to see the NTIA give the States the ability to promote permitting reform, permitting resources for local communities, and to enter into agreements at the Federal level with the permitting council, to the

State level, and to the local level so that we can build as quickly as possible.

Mr. Soto. Thanks. My time has expired.

Mr. Hudson. Thank you. The chair now recognizes the gentleman from Mr. Ohio, Mr. Latta, for 5 minutes of questions.

Mr. Latta. Thank you, Mr. Chairman, and thanks to our witnesses for appearing here today. I really appreciate it. I have always enjoyed these discussions in the past and look forward to them in the future.

If I could start with you, Commissioner O'Rielly, and, also, just to thank you very much for the couple of times you came to my district. It was always appreciated to have an FCC Commissioner really telling the people what the score was. Coming from Washington, they always appreciated that.

But, if I could just start, you know, you only have six points, and I think lessons learned, I think it is interesting the way you put that, but under your fourth point is the one I think that caught my attention right off the bat, it says, "You cannot rely on the implementing agency." And I think that is important because, again, when Congress writes a piece of legislation, we want to make sure that whoever is going to get that is going to implement it, but you said that in your testimony. While the agency manages some issues effectively, there have been numerous instances where the law's provisions were either intentionally or unintentionally misapplied. And some of those, you know, what those outcomes turned out to be, then. And it goes on to say, but the changes were never intended by the underlying law. Could you talk about that because, you know, you said that the abuses were also extremely difficult to accept. If you could just kind of delve into that a little bit because that is one of the things we want to make sure is, when we write something, that it is going to get implemented.

Mr. O'Rielly. The 1996 Act did, and I think Congressman Pickering would agree with this, there were a number of places where they couldn't exactly -- members couldn't exactly agree on

something and trusted the agency to solve the issue: We are going to give you enough guardrails, and we are going to give you framework, or here is some language, and you are the technical agency, solve this, you know, rubric.

And, you know, in some instances, they just did, and other instances, they didn't. And some of those matched up with my philosophical viewpoints; I liked what they did, even though it violated what was happening -- I will give you examples, you know. There is language -- prison payphones, there is very little on prison in the payphone section, and it had nothing to do -- it was a totally different debate, and we spent, you know, over a dozen years fighting whether it could be used for prison payphones. Congress eventually passed a different statute that governed prison payphones, or, you know, incarcerated individuals, that is -- but that was the authority issue, where Congress never asked them to do this, and the FCC tried to do it anyway and abused the provision.

There are so many instances where we have gone on beyond the language. 706 is a great example. It never was intended -- it was a study provision, and it turned into how to authorize net neutrality. I mean, it is beyond comprehension that it was abused like that.

Mr. Latta. Well, is that Congress' fault that we are not doing that oversight to make sure that that doesn't occur?

Mr. O'Rielly. Well, I did some oversight -- I worked on oversight here, and it was very difficult to get answers from the agency. And it was very difficult, once it has been passed, it was very tough to get it back, to get the authority back and to get arms around the agency. You know, it requires you to have more hearings in the FCC. It requires them to be here defending their actions. Once every couple years is not going to do it from a perspective.

I testified many times before the committee. You have to really be on top of it and be very aggressive once you pass something to know exactly -- you know, some of it is also a factor, and I talked about this in my oral presentation, is that members sold a bit of goods to people, said this is what they want the provision to do, and then turned around and told the agency, "This is what I

really wanted to do." So I find it disheartening that a number of members that my boss, you know, worked with and trusted, and then turn those language into things that was never intended.

Mr. Latta. Thank you. Thank you, chairman, representative, thanks so much for being here. We appreciate it. Working with you through the years, you know, we all know this is the best committee in Congress. The great thing about this committee is that we look over the rising 5 to 10 years. And it is interesting because you also said something in your testimony about that light touch that we have to have on that regulatory side to make sure that we can always make sure that we are going to maintain our lead in the World.

And, you know, when we look at the 1996 Act right now, and I am at about my last 45 seconds, you know, can we maintain this light test regulation to make sure we maintain that lead across the World when we talk about telecommunications in the United States?

Mr. Pickering. Yes, I do believe that we can take a light-touch approach in the lessons from the 1996, and now it applies to both energy and telecommunications and broadband. That is the critical infrastructure of AI that meets at the data center. You are in a great position as chairman of the Energy Subcommittee, and with Chairman Hudson, how do you get the permitting reform packages through this session because we are in a race against China, and the clock is ticking, and the advantages that they have could swing the race in their favor if we don't act in this Congress so that we can build both new energy networks and capacity, as well as achieve the fiber connectivity that then distributes all of AI applications and uses to the country. So I look forward to working with you on a remove the barriers to build.

Mr. Latta. Thank you very much. Mr. Chairman, my time has expired, and I yield back.

Mr. Hudson. Thank you. And I thank the witness for his answer. I often say a data center without broadband connectivity is a very large refrigerator. So you have got to have both. I agree with you.

The chair now recognizes the gentleman from California, Mr. Ruiz, for 5 minutes for your

questions.

Mr. Ruiz. Thank you, Mr. Chairman.

As we mark the 30th anniversary of the Telecommunications Act of 1996, we reflect on a law that sought to expand access, promote competition, and ensure that all Americans, regardless of geography, could benefit from modern communications. And, in communities like Coachella, San Jacinto, and Imperial Valleys in the southeast corner of California, where I represent and where I grew up, that promise has made a real difference. Because of the Act's commitment to universal service, rural communities in my district saw expanded access to basic communications infrastructure. Programs built on that framework helped connect homes that have long been left behind. And, over time, the policies established in 1996 laid the groundwork for broadband expansion, supporting telehealth in rural clinics, improving communication for agricultural businesses, and helping small businesses connect to broader markets.

But, while these benefits are real, they can still be improved upon because today I hear from families in the Coachella and Imperial Valleys who lack reliable and affordable internet access, students who struggle to compete and to complete their homework at home, communities where connectivity is inconsistent and competition is limited.

Mr. Wood, how can we build on the success of universal service programs to finally close the digital divide in rural and underserved communities like those in my district?

Mr. Wood. Well, I think two things. For one thing, affordability is important in rural areas, too, so we need a sort of comprehensive approach to make sure that the networks are there and people can afford to use them. I think, as we have also talked about today, the BEAD Program, and other programs that were enacted in the last 5 or 6 years, are crucial. So we have to get those right, and then be smart about what we still need to do after those are implemented. And, you know, there has been some squabbling over how they should be implemented, but we have to get them right. And I think that is why it is worth taking some time, but now getting money out the

door and getting these networks built and improved.

Mr. Ruiz. So the Trump Administration's, quote/unquote, benefit of the bargain reforms to the BEAD Program was supposedly meant to deploy broadband quickly. That, of course, has not happened, like many of his promises.

Why is it important that these Federal broadband investments reach places like the Coachella and Imperial Valleys efficiently and with accountability for real outcomes?

Mr. Wood. I mean, obviously both of those things are very important, and that is why you are rightly focused on them. Accountability and efficiency are crucial, and what we have seen in previous broadband investment programs at the FCC have been money flowing to places that don't need it. So we did a lot of work studying what was called the RDOF program, the Rural Digital Opportunities Fund, at the FCC, and we saw money being sent towards golf courses and highway medians and parking lots. So that is why, again, we don't want to go too slow, but we also don't want to go too fast and kind of miss things that are happening, and if not fraud, then certainly mistakes being made by sending money to places that don't need it.

Mr. Ruiz. That is interesting because access must also mean affordability, as you mentioned, and reliability. The Telecommunications Act of 1996 helped bring connectivity to communities like mine. The House of Representatives -- the House Republicans and the Trump Administration have derailed Congress' efforts in the bipartisan infrastructure law to ensure that working families can actually afford broadband and that the service they receive meets modern standards. What should Congress do to achieve these objectives?

Mr. Wood. Well, that is a great question. I think it is hard to say, "Please follow the law that we wrote," but I think there are ways that the current administration has deviated from that, as you noted, and so giving States that power to actually fulfill the promise of the bipartisan law is important. I think we are getting there, but it has certainly taken a while. And, as you said, you know, we have delayed it even more now for the past more than a year. So the fact that money is

just barely starting to flow, I guess we have to say is encouraging, but it has taken too far long to get to this point.

Mr. Ruiz. Yeah. So, while we have come a long way and connected most schools and supported some rural infrastructure and created some opportunity, 30 years later, we still have work to do to ensure that every family, no matter their ZIP Code, can fully participate in the digital world. It is unacceptable that classrooms in my district, teachers have to print out what -- video scenes to describe what a video would be showing if they had sufficient broadband in their schools. That is just not acceptable in the United States of America, and so we need to make sure that no kid goes without all the equal opportunities that this great Nation offers. And I yield back.

Mr. Hudson. Thank you. The chair now recognizes the gentleman from Virginia, Mr. Griffith, for 5 minutes for your questions.

Mr. Griffith. Thank you very much, Mr. Chairman. I appreciate that. I have heard some criticisms of the Trump administration that may very well be valid. That is something we will have to discuss. But I will just tell you we were very frustrated in Virginia when we had a program ready to go early on the BEAD proposal, and it was held up because the administration's agencies. And I don't know that the President himself was involved, but the agencies decided to take on authority that they didn't have and give new requirements to Virginia that weren't in the law and basically held us hostage until the new administration came in and released -- or the new administration was coming in when the Biden administration finally recognized the law and let us go forward. All right. Got that off my chest. I appreciate you all's patience.

Mr. O'Rielly, I am glad we have you here testifying today. You worked directly on the drafting of the Telecommunications Act of 1996. And I don't know what was going on behind the scenes, but I know that Mr. Bliley put in a phone call to get me on this committee. So I am very appreciative of that, and I know you worked with him.

Now, that particular Telecommunications Act includes a 35 percent ceiling on television

viewers reached by one company, which Congress subsequently raised to 39 percent of viewers reached. How can this subcommittee revise the provisions to ensure video competition and encourage localism in news, amateur sports, and even minor league sports that the big companies, the conglomerations aren't going to cover?

Mr. O'Rielly. So a couple parts. One is I -- intellectually I don't have a problem with the cap, it being eliminated. I object to ignoring and violating statute and have talked about that because I worked on the 2004 statute that raised it to 39 percent. So I disagree with that.

Intellectually I think the cap is being mushed in together with other provisions that I think are probably as important. And we talked about Orlando; it is the local market consolidation and test and standard is probably more concerning for the -- you know, whether one person owns the top four stations, you know, that would probably be more concern and should be more concern to the committee than someone who is able to reach the entire breadth of the United States but has one in every market.

And so, to your larger point, though, how do we deal with all of the complexities --

Mr. Guthrie. Right.

Mr. O'Rielly. As those rights and all of the content is migrating to new platforms that are not regulated by the FCC. Right. You have got -- they are moving to streaming. They are moving to a lot of different platforms that are outside the FCC. My argument is, and I made it to the full committee chairman, we have to deregulate the existing framework on video services. And then, on broadcast, we have to recognize that broadcasting is shrinking, and its legacy value is important, and I love broadcasters, but it has -- you know, we have to reflect the fact that nobody wants to invest in broadcasters generally. They are really in a very tough spot financially.

And so I disagree with Mr. Wood in terms of whether there is justification for changing existing rules. I do think that they face competition for advertising, for everything else. So all of the rights that you spoke about at the end of your question are really important, and they are

migrating away because we are still regulating some of the underlying services inappropriately. But that doesn't mean there aren't important concerns regarding a particular market and somebody owning three or four, especially four stations, the top four stations, those are the ones that we really care about. And it really matters if you own the first station. I don't have as much problem if someone owns three and four, or even two, three and four, but the number one is making the money, and one and two are probably where the concerns should be if we are going to have something. And I suggested in the paper, if you are going to do something, you probably want to limit the one and two merging versus the three and the four, or anything down below that is probably not network.

Mr. Guthrie. Let me see if I can get this next one out, and I am going to try to combine two questions into one. I know we are talking about The Telecommunications Act of 1996 today, but I think it is fruitful to compare the relative success of that Act to the perplexity of the 1992 Cable Act that imposed rate regulation on the cable industry. In your opinion, did the Cable Act's one-size-fits-all regulations lead to innovation and large capital investments in cable systems?

Mr. O'Rielly. The 1992 Cable Act was a how to harm the cable industry because members didn't like and appreciate what the cable industry was doing. The 1996 Act made many different reforms and deregulated a number of aspects from the 1992 Act. So it was incredibly important and gave you the capital to expand those networks.

Mr. Guthrie. And I am running out of time. One of the outcomes of a few commentators -- that few commentators anticipated when the 1996 Act was passed was the cable companies would get into the broadband internet business. What lessons should the subcommittee learn from these two contrasting acts? And you have two seconds.

Mr. O'Rielly. Okay. Getting rid of the cap on rate regulation was incredibly important for having capital to invest and build those broadband networks for the cable operators.

Mr. Guthrie. I appreciate that greatly, and I will have more questions for the record. And I

appreciate all of you all being here today on this important topic.

Mr. Hudson. Thank you. The chair now recognizes the gentleman from California, Mr. Peters, for 5 minutes for your questions.

Mr. Peters. Thank you, Chairman Hudson, for calling this important hearing. Over 60 years after Congress originally passed the Communications Act of 1934, which centralized the regulation of telephone, telegraph, and radio communication, President Clinton signed the Telecommunications Act of 1996 into law, the first major overhaul of our original communications legislation. That Act represented a major milestone in the evolution of modern communications policy because it focused on competition and private sector innovation while aiming to ensure universal service for all Americans regardless of their income or location.

Before coming to Congress, I served on the San Diego city council, and because of the Telecommunications Act in 1996, local elected officials, like city council members, we were limited in our ability to restrict the placement of wireless service facilities, including cellphone towers. This limited zoning preemption was critical for the placement of wireless infrastructure, accelerating network expansion, and limiting excessive local barriers that might otherwise have been in place.

Mr. O'Rielly, can you discuss how the FCC has used this authority to address State and local barriers to broadband infrastructure deployment?

Mr. O'Rielly. Well, the wireless siting provisions you spoke of I think have been incredibly beneficial. They probably were expanded beyond what Congress envisioned, and that is one of the examples of what I would say that the agency read into the statute that probably wasn't there and was not the deal that was struck in this committee amongst members that are no longer here. But, in terms of policy, I think it was the right policy. And one of the things they did do that the commission has since undone is say that aesthetics could be part of the factor. We said that aesthetics couldn't be part of the factor and we should build them where they are needed so we could have infrastructure.

Mr. Peters. Right.

Mr. O'Rielly. The commission has kind of undone that and said aesthetics can be a factor, and that has led to problems in siting. Siting --

Mr. Peters. So what are the cell towers of today, like the equipment for which we should be reducing barriers right now, how should we address siting and permitting of new infrastructure in any revisions?

Mr. O'Rielly. Sure. So many of the current rules already cover the new technology. You know, there are going to be, you know, some things in the AI space, you were speaking about that, that may need help. But we do need help in two areas, permitting and poles. Pole tested provisions have exemptions in them, and they shouldn't.

Mr. Peters. Okay. So I would just say I share Mr. Griffith's concern about the deployment of BEAD. I thought it was an embarrassment. We put aside $43 billion. And, as a proud Democrat, I was proud to vote for it, but I continue to be really angry that we didn't get more done. And I don't think we should do that again. And I think, as we deploy these things out, that executing these things on the ground is really important. And it is not just about writing a good idea down or putting money in the bank; it is about getting it in the ground. So I am going to be paying attention to that going forward.

As we set out on our path to 6G deployment, there are still several major obstacles. Congress has to consider how to best support a smooth and competitive transition, and how the Communications Act zoning preemption precedent may come into play. Ultimately, although market forces alone do not -- have not made internet affordable for all, which is why we rely on the Universal Service Fund and its associated programs.

Mr. Wood, what changes would make USF affordability programs more effective in reaching underserved communities and ensuring that those communities will be able to benefit from the continued digital transition?

Mr. Wood. Yeah. I mean, it is a simple answer, more affordable means more money and more public investment. Now, at Free Press, we are very concerned that that not be done in a way that consumers are bearing too much of that burden. But the $9.25 that Lifeline has been set at since I believe 2012 is pretty much adequate today for any kind of robust broadband service. And that is what we need to address is making sure we spend money smartly, but we are not doling it out in drips and drabs and people being forced to have a second-class service.

Mr. Peters. Since you are here, can you elaborate a little bit more on what you mean by spending money smartly?

Mr. Wood. Well, I mean, affordability is crucial to all of these deployment programs. Right. If people can't afford to get on the network, then they can't make use of it, and so I think there is that.

There has obviously been through the years a lot of complaints about how Lifeline is administered. We think that the misspending rate there has been wildly overstated. That has been the basis of some of Chairman Carr's recent Lifeline proposals.

Obviously, we need program integrity, we need to make sure our funds are not wasted, but oftentimes what we see are attacks on that program based not on actual waste but based on other political concerns that people want to bring into that mix.

Mr. Peters. So can you be more specific? So what are some of those attacks? What kind of things do you mean so that we can understand what you talking about?

Mr. Wood. What kind of attacks am I talking about?

Mr. Peters. Yeah.

Mr. Wood. I mean, so the current proposal would say, "Well, there are a bunch of people getting money who are deceased and shouldn't be on the rolls anymore." Studies have been done to say that is about one one-thousandth of the spending. So obviously we don't want companies committing fraud to draw more money to themselves if they are enrolling people who have passed

away. But I think there is actually some explanation for that. And it is a really tiny percentage. And so that is what we regret to see are political attacks launched based on very tiny problems, or at least ones that we haven't fully studied.

Mr. Peters. Well, I hope this committee will be doing a better job of perspective setting and reality checking. Obviously no one wants dead people on the rolls, and that kind of political attack really serves no purpose.

Thank you, Mr. Chairman. I yield back.

Mr. Hudson. The gentleman yields.

I now call on Representatives Fedorchak for your line of questioning.

Mrs. Fedorchak. I am usually last. So I am excited to have been moved up through the system today. One second here. All right. Well, thank you all for being here. I appreciate your lending your expertise. I appreciate all the work that many of you have done throughout your career. This is sort of the body of the work for many of you and have focused your entire professional lives on these issues, and that means a lot. And I appreciate you taking the time to share your experience so that we can ensure that the future changes that we make are smart and the best for our country.

Mr. Pickering, a few questions for you. We spend a lot of time talking about the energy demands of data centers, but not as much on the connectivity side. That is also a critical piece of it. As our chairman said, a data center that is not connected to the internet is a big expensive refrigerator.

Can you explain why fiber infrastructure is just as critical as power in enabling these projects?

Mr. Pickering. So, as you look at the AI applications and the uses and the Agentic AI and the application -- we don't talk enough about the AI applications and uses, and businesses and individuals and families and homes will not have access to the great transformational benefits of AI unless they have broadband connectivity in every part of the country. And so getting broadband universally

deployed and built is really a critical component of the principle of universal access to the next technology, and the benefits of that next technology. So whatever we can do to speed the build, permitting reform, get the BEAD funding out and right, resources of the nondeployment so that we can speed the permitting, all of those things are critically important in the next stage.

Mrs. Fedorchak. To that point, what is the right balance between Federal action and State action to accomplish this goal?

Mr. Pickering. So we recently encompassed filed comments to NTIA that tried to create the incentives and the resources to build relationships between the permitting counsel, the national permitting counsel, which has adopted really what I think is the best model I have seen in my public and private service. They have one project manager, and if you have multiple Federal agencies, they do concurrent permitting versus sequential permitting. They make sure everybody is in the room, that everybody is coordinated, and everybody has collaborated, and they have exponentially increased the speed of the Federal permitting process while maintaining the high standards. And they are asking every State to reach an MOU with the Federal permitting council so that, if there is any project that has both Federal and State permitting, that they work together.

And we are asking NTIA to adopt that model, incentivize it, and then, when it goes to the city and the county, many of the localities don't have the resources to pay for the technology, the engineers, the compliance and the staff to permit as quickly as possible, and we are encouraging a use of some of the BEAD money to give resources to States and localities so that you have a true local, State, Federal, national purpose of building the infrastructure of the AI economy as quickly as possible to high standards and having the resources to do so.

Mrs. Fedorchak. Excellent. If there is any role that my office or this committee can play in those MOUs, please let us know. It sounds like a great solution.

Pivoting a little bit over to you, Mr. O'Rielly. There are a number of proposals right now to expand the USF contribution base to include broadband providers, or even edge companies. Tell

me your thoughts on those pros and cons, and some of the concerns that might be out there.

Mr. O'Rielly. First and foremost, I don't think you can address contributions until you deal with distribution and administration of the program. But, in terms of contribution reform, I have deep problems with the idea that we are going to tax broadband consumers. We have made it a point, and I think the previous chairman said, you know, broadband is essential, and that has been a debatable word that has been used against me, whether it is, you know, necessary. Broadband is important, and if we want people to have broadband, we should not tax it and increase its costs. So I have problems with the idea that we are going to bring more people by paying into the system without reforming the system, and then who we are taking that money from, whether it be the high-tech industry that Congressman Pickering talked about, that I would oppose as well; whether it be the broadband providers. So I think it would be incredibly problematic in taxing broadband. So I am really worried about where we are going to get -- you know, what that reform looks like on the contribution side of the equation.

I have favored appropriations as a mechanism; others hate the idea and want to consider that for other reasons. And I am loyal to the committee and respect the jurisdictional boundaries, but there has to be something that is done fundamentally on contributions, and part of that is dealing with the spending side of the equation. You don't need to raise as much if you don't spend as much.

Mrs. Fedorchak. Sure. Thank you, sir. I appreciate that. I am over time, and I yield back.

Mr. Allen. [Presiding.] The gentlelady yields, and now I will recognize Representative Dingell for her 5 minutes of questioning.

Mrs. Dingell. Thank you, Mr. Chair.

And thank you, Mr. Pickering, for your comments. I am sitting here -- I sat in the back of this room 30 years ago, and Doris did, too, a lot of memories of those days. But, 30 years later, after the

passage, the internet has fundamentally changed. What once connected people now often exposes them to harm, whether it is harassment, exploitation, misinformation, or increasingly AI-generated content that can be weaponized, and is being weaponized.

Just this week, back-to-back jury verdicts on major social media companies liable for harming children, including for the way their platforms are designed, and the harms those design choices caused. These rulings should be a wake-up call for all of us to take this issue seriously and to act. And, as companies now embed generative AI tools directly into these platforms, the need for accountability is only growing.

I have been a champion of domestic survivors before I ever got to Congress or married John Dingell, and I have heard directly from women and families who have been targeted by nonconsensual intimate imagery, including the AI-generated deepfakes. And this is a form of sexual violence that follows victims into every aspects of their lives.

I was proud to help lead the bipartisan TAKE IT DOWN Act which will help combat the spread of nonconsensual intimate imagery, including AI-generated content and ensure platforms remove this material quickly. However, it is just the beginning because the reality is platforms have shown, time and time again, you can't please yourselves.

Today we are confronting a new and rapidly evolving threat, generative AI tools embedded directly into the platforms. Tools like Grok or on X can produce and amplify harmful content. They are doing that, including deepfakes and sexualized and nonconsensual images at scale with unprecedented speed and often without meaningful guardrails or any accountability. We should not accept the status quo where companies can deploy powerful AI tools, benefit from the engagements they drive, and avoid the responsibility they should take when those tools cause harm, particularly for women and our children.

Courts have interpreted Section 230 to provide broad immunity to platforms for user-generated content, but that framework was built for a very different internet that didn't include

AI systems generating content themselves or platform design choices that actively promote and amplify harm.

We at Congress has a responsibility to ensure our laws reflect today's technologies. We must ensure that platforms are held accountable, not just for what they host but for what they build, design, and deploy.

Mr. Wood, and I am going to ask you to be short because I have got three questions, when a platform like X deploys an AI tool like Grok that generates harmful content, should that still be treated as third-party speech under Section 230, or is the company responsible for its own product?

Mr. Wood. The company is responsible. It should not be treated as third-party speech. There is a big difference between the social media platform, and then Grok, or the other engine that is producing that content. In Section 230, it says that the person responsible is the person producing that information either in whole or in part. So the statute hasn't always been read that way and enforced that way, but that is actually something that the statute accounts for and the courts should take more heed to.

Mrs. Dingell. Mr. Wood, do you think current law is failing victims of nonconsensual or sexualized AI generated content?

Mr. Wood. I certainly think people have been slow to respond. And so, yeah, your leadership on TAKE IT DOWN, other acts like that are certainly incredibly necessary and incredibly well-intentioned, but the law needs to catch up to the speed and scale of the abuses we are seeing.

Mrs. Dingell. Okay. So, knowing we need to do that, and you are absolutely right, what is the single most important reform Congress should make to ensure companies are accountable for the AI tools they build?

Mr. Wood. I mean, I think it is hard to reduce it to a single most important one, but that conversation about Section 230 is live today and in this hearing room. I think that that is important to get right and to make sure that companies are held accountable for the harm that they cause, or

they know that they are causing, and there are some legal tests along the way.

We still favor Section 230. We think it is important for promoting free expression online, but it shouldn't be a sort of get-out-of-jail-free card for companies that are profiting to the tune of billions of dollars knowingly causing harm and perpetuating that over the course of, you now, years, sometimes even decades.

Mrs. Dingell. Thank you, Mr. Wood. My time is almost up. But it is clear to me Section 230 has not kept pace with the technology shaping our online ecosystem. And I hope we will all work together in a bipartisan way -- they did it 30 years ago -- to fix this. Thank you, Mr. Chairman.

Mr. Hudson. [Presiding.] Here, here. Let's do it. Thank you. The chair now recognizes the gentleman from Idaho, Mr. Fulcher, for 5 minutes of your questions.

Mr. Fulcher. Thank you, Mr. Chairman. The court case yesterday that came out in Los Angeles is kind of the thought process that triggers this first question, but I will start with Mr. Pickering. You were here at the staff level during the drafting of the 1996 Act, and this is in regard to Section 230, and I understand the rationale, I think, at that time because the internet was truly in its early stages, and we couldn't really tell -- there was no way to know exactly what was going to happen with that, but given what has happened in the last 30 years and the landscape that you see it today, do you think it is time to revisit 230 Section and how that is structured?

Mr. Pickering. I will give a little bit of context, first, and then speak to the question on 230 and kids and children's protection. You know, as a father and as a grandfather, I have two of my sons who are here who have grown up in this internet world and economy, and so getting this right about protecting children as we go to AI is critically important.

When we did the 1996 Act, most people forget that it was the Children's Decency Act, which was intended to protect children from online pornography, that was paired with a House provision that is now 230, known as Internet Freedom, and the Children's Decency Act was struck down by the courts, and the Section 230 stood and stands today.

I think the best way to -- and this is where, from left/right, 230 has been very important for the internet ecosystem and competition and free expression and all the innovation that has occurred over the last 30 years. But we need targeted specific protections for children today. And I want to commend Chairman Hudson and Chairman Guthrie for their efforts in this committee to have kids online and children safety initiatives come out of this committee. I know the Senate is working on it. I think direct targeted approaches to protecting children, not undermining the core objective of 230, but standalone targeted focused efforts on children's safety is the best way to handle and address in a legally sustainable way the issues that are so important to protecting our children.

The administration's AI framework makes children safety a core component of the AI framework, and what I am hoping is that this committee and this Congress in a bipartisan way can find a way to unite around children's safety initiatives as we build out the AI framework and the infrastructure that comes with it.

Mr. Fulcher. I have a couple more questions, so, please, if you could -- still the question remains, do you think we should restructure 230?

Mr. Pickering. No. I think that we should maintain 230, but then have --

Mr. Fulcher. Mr. Pickering --

Mr. Pickering. As this committee did recently is markup--

Mr. Fulcher. Mr. O'Rielly, your thoughts on that, please.

Mr. Pickering. A number of Children's Protections Acts.

Mr. O'Rielly. There are two parts. One is, does the FCC have any authority? I would argue no. The second is, should you change 230? And I would argue no. Twenty-six words have worked as intended by this committee. Most -- that behavior that people, whether they like it or dislike it, that is governed by 230, is protected under the First Amendment.

Mr. Fulcher. Okay. Right. Thank you for that. I appreciate it. We have also heard in testimony that we should convert inefficient universal service programs into a means-tested welfare

program administered by other agencies or State governments. Back to Mr. O'Rielly, what do you think about that? Should USP be a means-tested program?

Mr. O'Rielly. So I advocated that we means test the high-cost program and mechanisms to do so. I didn't get traction. I couldn't get buy-in from the industry, but I think it is important that we means test almost everything in the Federal Government. And I worked on a number of different statutes throughout the government to means test them to make sure that we get the most efficient stretch of our dollar, and now we are not.

Mr. Fulcher. Mr. Pickering, do you agree with that? You think it should be a means-tested program, the USP?

Mr. Pickering. I think that we should measure and assess where we are post-BEAD, then right size the program and reform it on the distribution side and decide what kind of program we need for an E-Rate, for a Lifeline, and for any operational subsidy. We need to see what the market has done and BEAD has done before we do the reform.

Mr. Fulcher. Okay. Just about to wrap up, but very quickly, Mr. O'Rielly, how would a telecom carrier go about doing that?

Mr. Hudson. I will let you go ahead and answer.

Mr. Fulcher. Yep. Sorry.

Mr. O'Rielly. Go out doing -- which part? The means testing?

Mr. Fulcher. The means test part.

Mr. O'Rielly. I think there are a number of mechanisms the commission could have done. When I was there, we tried to leave it on the provider side and say, "You can actually, you know, have an annual survey of your customers, 'Are you above a certain threshold?'" I was pushing for a $10 million threshold; if you make more than $10 million a year, you shouldn't be eligible for our --

Mr. Fulcher. Thank you, Mr. O'Rielly. And, Mr. Chairman, I apologize. I yield back.

Mr. Hudson. Great question. Thank you.

The chair now recognizes the gentlelady from Illinois, Ms. Kelly, for 5 minutes to ask your question.

Ms. Kelly. Thank you, Chair Hudson and Ranking Member Matsui, for holding this morning's hearings, and thank you to our witnesses for participating.

The Telecommunications Act of 1996 remains a foundation of our digital economy. The world it governs has evolved from dial-up connections to a landscape defined by broadband, artificial intelligence, and always-on connectivity. From the southside of Chicago, where I represent, to the rural communities of Kankakee and Danville, access to these tools is essential for work, education, healthcare, and, frankly, civic participation. We must protect and strengthen programs like Lifeline that ensure our most vulnerable communities can stay connected.

At the same time, we are seeing growing concerns about the misuse of Federal authority, including efforts to expand the FCC's role into areas like online free speech and content moderation. That kind offend overreach threatens the integrity of the agency, and undermines public trust.

Mr. Wood, I would like to start where I ended in my opening on the scope of the FCC's authority. In your testimony, you stated that the FCC and NTIA have no place enforcing or interpreting Section 230. Can you explain why the Telecommunications Act did not provide that authority to the FCC, and why it is important that Congress, rather than the FCC, take the lead on any reforms to Section 230?

Mr. Wood. Yes. I think as the other witnesses have said, too, 230 was part of the 1996 Act, but it is not really the same kind of animal at all. And so there is no role for the FCC to interpret or enforce it.

In the last administration of the Trump Presidency, the first Trump administration, they proposed doing that. And I think luckily that has quieted down a bit, but there is really nothing there to enforce. We don't want government agency sitting in judgment of whether or not a content moderation choice was made in good faith. There are other accountability measures these

platforms should be held to. But, you know, anybody, including this administration, deciding what content should be allowed online is a problem, and we have seen Chairman Carr wade into those waters far too many times.

Ms. Kelly. Thank you. I want to shift gears to affordability and the Lifeline program. Mr. Wood, you noted that Lifeline remains crucial, but that the current $9.25 benefit is inadequate in today's broadband marketplace. As of last year, there were nearly 190,000 Lifeline subscribers in Illinois. Additionally, there were over 1.4 million households eligible for Lifeline but have not yet enrolled.

To ensure everyone eligible for Lifeline is aware of the program, I introduced the Promoting Access to Broadband Act, which would make grants available to States to inform Medicaid enrollees, Supplemental Nutrition Assistance Program, or SNAP participants, and low-income residents of their potential eligibility for the Lifeline program.

Mr. Wood, would providing funding for States to engage in additional community outreach for the Lifeline program be helpful in furthering the objectives of this program.

Mr. Wood. In a word, yes. I mean, that is why we saw the success of the Affordable Connectivity Program, something that was advertised and companies had a larger stake in.

I hate to be seen as critical at all of Lifeline, but it has basically become a lifeline wireless program, and people can get access to data through wireless connections, of course, many of us do that all the time, it is just such a very low amount most of the time.

And so ACP actually got to 23 million households by the time it ran out of money, unfortunately, and that is because we saw people with a more robust and more portable benefit that they could choose to use on wireless, but they could also apply that to wired connections and get faster speeds and have that be a meaningful discount as well.

Ms. Kelly. And then, additionally, what changes to the Lifeline program do you envision to ensure the program is being utilized by the students and their families who need broadband

connectivity to complete their homework, stay engaged in their schools, even to apply for jobs?

Mr. Wood. Yeah. I mean, it is a hard question to summarize quickly, but I think we have heard it here today, there has to be some analysis of the contributions. But, as other witnesses have said, too, like I do not favor either, and Free Press has not favored taxing broadband customers because oftentimes people say, "Make Comcast pay for this," and we have to realize that those charges by phone companies, and if cable companies were included, those get passed onto customers. So we want to make sure that there is adequate funding to support affordability and adoption. We just don't want that to be borne by the people who are actually in need of those programs themselves.

Ms. Kelly. Does anyone else have anything quickly to say about that question? Anything additionally?

No? I yield back. Thank you so much.

Mr. Hudson. Thank you.

The chair now recognizes the gentleman from Texas, Mr. Pfluger, for 5 minutes for your questions.

Mr. Pfluger. Thank you, Mr. Chair, and thank the witnesses for being here.

Some of my colleagues, and many of you have pointed out today, technology has changed significantly over the past 30 years. And, although the networks have advanced from copper lines and circuit-switched voice to broadband streaming and wireless, many of the regulations still remain outdated. I know we have been talking about this, and it underscores the gap between technological progress and regulatory adaptation.

For example, the 1996 Act was most effective, I believe, when Congress limited government intervention, removed the outdated rules, and allowed private investment and innovation to flourish. And I commend Chairman Carr and the FCC for the new "Delete, Delete, Delete" Initiative, which reviews all FCC rules and guidance documents to identify and remove unnecessary burdens. And I

think that Congress should follow the FCC's example and act promptly to systematically remove the obsolete and technology specific mandates from our laws, and updating these statutes is essential to that.

Mr. Thierer, I would like to ask you how Congress should update -- or, how should Congress update the framework of the 1996 Act to match the work that Chairman Carr is doing, such as deleting obsolete technology-specific rules and statute and moving us towards a more technology-neutral solution, and what examples can you give us specifically on that?

Mr. Thierer. Yeah. Thank you, Congressman, for that question. I absolutely agree with it. And what we need to do is move towards date-certain timetables for how we might go about sunsetting certain things. The "Delete, Delete, Delete" proceeding is a really good example of how we could try to move in that direction.

We should have been doing that a long time ago. Instead, Congress in the Telecom Act delegated broad forbearance authority and said, "Well, we hope that the FCC will voluntarily just loosen the chains and do it." It hasn't worked out that way. Congress even required the agency to do reports on this. Never really much came out of that process.

So I would encourage this committee to go back and actually provide some very clear timetables and a process like Michael O'Rielly identified here about very specific types of things that you expect them to do.

Mr. Pfluger. So you are saying we are the problem?

Mr. Thierer. When you are delegating vague authority, that is a serious problem. Yeah.

Mr. Pfluger. I agree. Well, kind of moving in the same direction, I mean, what, Commissioner O'Rielly, what are the most important lessons from the successors and failures of the 1996 Act, and which ones of those should guide Congress as we update our laws to protect our national security, or economic security, and continue to innovate? I mean, what can you point to in that Act that we should be looking at?

Mr. O'Rielly. Well, I pointed outlined six in my testimony, but I will give you just the two I think -- one is don't wait for a comprehensive reform. You can do, whether it be piecemeal or smaller, you know, bite off chunks and you can really be effective in reframing how the commission looks at things.

Two is don't -- and this is not about this commission -- but you cannot rely on a commission to do the work that you expect. It will deviate from whatever you thought it was going to go here; everyone thought it was going to go here, and it went this way. And then provisions that are -- years later they are still reinterpreting provisions far -- you know, 30 years later, reinterpreting provisions under a new creative mindset. So what I tell people and tell policymakers is write in what you don't want the commission to do. "Do not do X, do not do Y; you don't have authority to do Z." Be very clear what you cannot do is really important.

Mr. Pfluger. Take some lessons from the Chevron deference case as well.

Lastly, I have introduced a bipartisan Keep It Moving Act to establish clear timelines for the FCC's merger review process, and this act would require a full commission vote to deny an application to ensure that critical decisions are made transparently and don't create unnecessarily barriers.

And so I will go to Congressman Pickering, in your view, how would legislation like Keep It Moving Act set the right framework and provide market certainty and predictability?

Mr. Pickering. As I keep saying, we are in a build period. There is going to be a heightened time of mergers and acquisitions as the scope and scale to build the big infrastructure that is going on. So the faster that we can go through merger reviews, the more transparent is a welcomed legislative initiative on your part. And, whether it is denial and approval for a vote, or having a dissenting debate, the better we have an open transparent process with a shot clock is the best way to go.

Mr. Pfluger. Thank you. Chairman, I mean, this highlights, I think, the need for

bipartisanship, and I hope we will be able to achieve that, you know, even in an environment that is politically tough. You brought together a hearing that really highlights our competition with China, our economic competition. The stakes are really high, and I hope that both sides can really come to the table on this. I yield back.

Mr. Hudson. I appreciate that.

The chair now recognizes the gentleman from Louisiana, Mr. Carter, for 5 minutes for your questions.

Mr. Carter of Louisiana. Thank you, Mr. Chairman and Ranking Member.

Thank you to all the witnesses, your commentary has been quite insightful.

The Telecommunications Act of 1996 is a landmark law that created many programs that our constituents benefit from today, including Universal Services Fund, which helps connect schools, libraries, healthcare providers, rural areas and low-income households to affordable and reliable broadband services.

As Congress revisits this landmark 30 years later with the Supreme Court's decision to successfully uphold the Universal Service Fund just last year, it is critical that we look at making the upgrades to the law necessary in order to bring it up to speed with the latest technologies and ensure the long-term sustainability of the Universal Service Fund. This program is critical in supporting telehealth, rural health, care access, bridging the digital divide, and ensuring that everyone has access to broadband. My State is pivotal and very important in this discussion.

Mr. Wood, communities in and around my district rely on Universal Service Funds' rural healthcare program for healthcare delivery, which enables telehealth, remote monitoring, and access to specialists. However, the contribution model still relies heavily on traditional telecom revenues, which are, in fact, shrinking.

What reforms should Congress consider to modernize the USF program while preserving support for critical services like rural health, rural healthcare connectivity?

Mr. Wood. Well, I was glad to hear Commissioner O'Rielly talk about this, too. We think progressive funding for these kinds of distributions are important, and that is what BEAD got right in the infrastructure law as well. So we want to make sure that there is enough money to support those programs. The rural healthcare program is usually the smallest of the four USF programs. It is obviously crucial to get right. We just want to make sure that, as we bring more money into the system, we are not putting that on the backs of the people who need to benefit from it rather than paying more into it.

Mr. Carter of Louisiana. Exactly. Let me pivot for a second, if you will indulge me, pivot to BEAD. As you know, Louisiana was the first State to receive Federal approval for its plan to deploy some $1.3 billion in BEAD funding, which included using $100 million in nondeployment funds to improve access to telehealth in rural areas. Unfortunately, the Trump Administration overhauled the program and locked rural and underserved communities in districts like mine into second-tier technologies.

Can you share with this committee how the community is harmed when high-speed reliable internet broadband access isn't available, and how this can lead to worse healthcare outcomes?

Mr. Wood. Sure. I mean, I think, you know, as we have heard, there are a lot of different ways to reach rural areas. But, if you want to do anything to do with telehealth, you need the most robust connection possible, I would think, in almost every case. And so, again, I think that the genius of the bipartisan law was that States were the ones empowered to make those choices for themselves. We have seen that thrown off track too often by anybody in the Federal Government saying, "Oh, we think you have to do it this way or that way."

Mr. Carter of Louisiana. Is it fair to assume that the departure from the higher grade performance that was done under the original BEAD Program to what Louisiana will now get is far inferior to what we had before?

Mr. Wood. I think that is unfortunate. I think States were supposed to make those choices

for themselves, and so any pressure from this administration to say, "You have to choose a cheaper option," might be something States say, "We don't want to invest in the cheap kind; we want the better kind that will actually serve our residents better for years to come."

Mr. Carter of Louisiana. So it went backwards. Even though we hear our colleagues talk about the time it took, how long it was taking to move forward, Louisiana was ahead of the curve. Louisiana was ready. We had shovels in the ground ready to move when we were given an abrupt halt. And now we are moving forward again, but we are moving forward in a vein that is less than what we had before. So the citizens of Louisiana, dare say other parts of the country, will get a less superior product.

RPTR KERR

EDTR ZAMORA

[12:15 p.m.]

Mr. Wood. I hope that we can recover from that, but, yes, any additional uncertainty introduced to the program, whatever people want to say about the previous administration, adding more uncertainty and more delay in this administration was not the right recipe to fix that.

Mr. Carter of Louisiana. Well, you know, therein lies the problem. We get caught up in who did what, when, when our core mission, our responsibility is to do what is best for the American people, not to see who gets a greater level of credit, not to see which party gets to pound their chest the most, but to make sure that the resources that will improve the lives of the people -- in this case, in my State of Louisiana, they are getting less bang for their buck than what they had before since this administration changed.

Mr. Wood. That reminds me of an old cliche that there is no limit to what you can accomplish in D.C. if you are willing to give somebody else the credit. And we have heard today about the bipartisan spirit that animated the 1996 Act, and, hopefully, we can get more of that as we really try to make sure that people are getting the benefit of the bargain, as it was called, you know. We haven't seen that thus far, but we need to make sure that that is what people --

Mr. Carter of Louisiana. Well, the BEAD act transmission went from a Democratic governor, John Bel Edwards, transitioned into a Republican governor, Jeff Landry. Both agreed that the product they had was better and ready to move, and now we find ourselves in one that is subpar, and that is unfortunate.

Mr. Chairman, my time has expired. I yield.

Mr. Hudson. I appreciate that.

And, you know, we had Mr. Soto quoting the Beatles and now we have Mr. Wood quoting Ronald Reagan. This is a great hearing. I think we have heard everything today.

Mr. Wood. I have done it before in this room, sir, so I am used to it.

Mr. Hudson. Okay. So keeping the Carter theme going, I will recognize the gentleman from Georgia, Mr. Carter, for 5 minutes for your questions.

Mr. Carter of Georgia. I am going to follow up from my first cousin from Louisiana. So thank y'all for having -- thank y'all for being here today. I appreciate it.

This is very important, but 30 years, 30 years is a long time. Think of what has changed in 30 years, particularly when you talk about telecommunications, and think about -- and don't get me wrong, the Telecommunications Act of 1996, we all agree it was great. It unleashed competition and innovation, but it was different then, and we need to make sure that we are -- we need to make sure that we are dealing with these times.

I am going to jump to something that is very important to me. Mr. Pickering, I have got a bill. It is the Undersea Cable Protection Act of 2025, and your group just recently endorsed that. Thank you for doing that.

Ninety-five percent of international internet transmissions are vital, not only to the international e-commerce, but also to our national security. Ninety-five percent of the internet transactions -- financial, whatever -- are carried through undersea cables, and that is what this bill addresses. So thank you for that.

If this bill were signed into law, how would it impact our capacity for laying more cable for e-commerce and also bolster our national security?

Mr. Pickering. Well, the faster that we can build the subsea cables, we build the redundancy, the reliability, the resilience of, really, the ocean arteries of communications in commerce that are critical. And with AI, the demand on our undersea pipes, so to speak, that deliver all of the now AI applications and data and uses are going to exponentially increase.

So we need more subsea cables and landings. And wherever they land -- it is like a new port city in the old world where all the commerce and all the energy and all the data centers and

everything locates in a way to then build the new economy.

Mr. Carter of Georgia. Right.

Mr. Pickering. So it is critical to the economy, critical to national security, and to be able to build as fast as possible is critical to beat China in the race toward AI.

Mr. Carter of Georgia. Well, good. Well, thank you, again, for your endorsement of that bill. I am very proud of it, and I want to see it -- it has passed the House. I want to see it pass the Senate and signed into law. It needs to be.

Mr. Pickering. It is essential, and we commend your leadership.

Mr. Carter of Georgia. Thank you. Thank you.

I want to talk about permitting real quick. You know, I tell people all the time, I don't care what sector of our economy you are talking about, whether you are talking about telecommunications with health, energy, when people come into my offices, when companies comes into my offices, it is always the same thing: permitting, regulations, crushing us, crushing us. We have got to do something about it.

We are trying to address this, and I want to ask you, Mr. O'Rielly, how do we ensure that current permitting practices don't undermine U.S. competitiveness, especially in AI?

Mr. O'Rielly. Well, look, I think you have been a leader on this issue and have the legislation in this committee to simplify the permitting process and to expedite the process, and I think it is absolutely essential. You know, when we talk about -- a lot of conversation in permitting has been about energy and the energy sector, and that is great. I am not dismissing it, but there has rarely been a conversation of how do we take the telecom pieces and add them to that, because that should be part of the conversation.

You have to move forward. If you want AI, if you want all the new technologies where communications technology is going, we have to deal with the permitting issue. It is the cost, it is the slowdown, it is the layers of approval, and no disrespect to local governments, it is just slowing

down the process and has been for 30-plus years.

Mr. Carter of Georgia. Are there any steps that you think the FCC should be taking that perhaps they are not taking?

Mr. O'Rielly. There are things that they could be helpful on. You want to give them authority. I think that is what your legislation and other legislation -- this committee had a number of legislative efforts that would improve. There are things that I think that are vital that the committee didn't delve into. We have to do something more on poles. We have to expand the reach of the FCC rules on poles. It has got too many exemptions in the current statute, and they have got to be addressed.

Mr. Carter of Georgia. And what you are speaking of, my legislation, the American Broadband Deployment Act of 2025, this is very important because it is a combination of many of the member priorities of this committee, and this subcommittee in particular, that will help to speed up deployment and reduce barriers and actually put shot clocks, as we like to refer to it as.

And we are not trying to force municipalities. I was a mayor in another life, and I never liked the Federal Government or the State government telling me what I should be doing, but at the same time, some of these local municipalities, especially, are slowing things down, and they are barriers. So this is what we are trying to address here.

Is there anything in particular that you think we really need to concentrate on besides what we were doing in there?

Mr. O'Rielly. I would pass your legislation. I would say many of those pieces are wonderful. They do codify current practices at the FCC in some instances, so you are already getting some of the benefit. But if I were to add one thing that is not included, you have to deal with poles.

Mr. Carter of Georgia. Okay. Good enough.

Thank you, Mr. Chairman. I yield back. Thank y'all.

Mr. Hudson. Thank you.

The chair now recognizes the gentleman from New Jersey, Mr. Menendez, for 5 minutes for your questions.

Mr. Menendez. Thank you, Mr. Chairman. Thank you to the witnesses for being here.

The Telecommunications Act of 1996 was a significant update to America's communications laws. Its goal was simple: boost competition, spark innovation, and make sure everyone has access to modern services. It aimed to expand broadband, open the door for new media companies, and give Americans access to a wider range of voices and viewpoints.

Thirty years later, as technology continues to evolve, we need to determine where the FCC is still delivering on those promises and whether today's policies are truly meeting the needs of American families.

To each witness, just yes or no, was modernizing the media landscape to allow for new entrants and expand Americans' access to a broad range of viewpoints a key goal of the 1996 Act?

Mr. Pickering. Yes.

Mr. Menendez. We will skip you.

Mr. Thierer. Yes.

Mr. Wood. Yes.

Mr. O'Rielly. It wasn't a key --

Mr. Menendez. Thank you.

And to each witness, just yes or no, would you agree that preserving a broad range of viewpoints in the media market is beneficial to all Americans, yes or no?

Mr. Pickering. Yes.

Mr. O'Rielly. Yes.

Mr. Thierer. Yes.

Mr. Wood. Yes.

Mr. Menendez. Mr. Wood, should the FCC use its broadcast licensing authorities, including in merger reviews, to promote viewpoint diversity in the media market?

Mr. Wood. Well, I mean, they should be promoting diversity, but they shouldn't be using their licensing authority to sort of control it or threaten people for any viewpoint they take, and I think that is a key distinction.

Mr. Menendez. And I agree, and that is what we have seen since President Trump has taken office. Chairman Carr has used these powers in ways that undermine viewpoint diversity.

Mr. Wood, does Chairman Carr's use of FCC's licensing authorities to pressure broadcasters into suppressing criticism of the Trump administration align with the 1996 Act's goal of promoting a broad range of viewpoints in the media?

Mr. Wood. It does not. There is not only the First Amendment, which should be foremost here, but there is also a statute in the Act, Section 326, that I think is much older than 1996, that says the FCC has no power of censorship over radio, which, of course, means TV as well. And so it doesn't align with anything in the Act that I am aware of.

Mr. Menendez. I agree.

And, Mr. Wood, just yes or no, has Chairman Carr's abuse of the FCC's broadcast licensing authorities impacted Americans' access to accurate, reliable information?

Mr. Wood. Yeah, I think so. I mean, it is not only that we have seen this kind of pressure put on, but we have actually seen tangible results, which are unfortunate but is exactly what it seems like this administration has wanted when companies have either canceled shows or pulled back stories or changed their whole news operation.

Mr. Menendez. I agree.

And so while President Trump's FCC chair uses the agency to censor broadcasters and limit viewpoints for political favor, Americans ultimately bear the cost. We have seen this happen again and again under this administration. The FCC has opened investigations into networks like CBS over

how 60 Minutes covered the 2024 election during a major media merger. Late night talk shows like Jimmy Kimmel Live were taken off the air while another merger was under review. There have been threats to take away licenses over straightforward news reporting about the war in Iran, which Americans continue to overwhelming oppose.

Mr. Wood, do you recall an FCC chair ever threatening broadcasters by saying, quote, "We can do this the easy way or the hard way"?

Mr. Wood. No. I recall Commissioner Carr saying those things shouldn't happen, and since he has been chairman, he has very much changed his tune. But there used to be, and I think there still is at this table, bipartisan agreement that this is wrong. It is just that this administration continues pressing that case.

Mr. Menendez. I agree, and these actions send a troubling message. Instead of protecting a wide range of voices in the media, as the 1996 Act intended, the FCC under Chairman Carr is focused on Donald Trump's interests and not what is best for the American people.

I want to read a quick statement and see if the panel agrees, and just a yes or no. "Political satire is one of the oldest and most important forms of free speech. It challenges those in power while using humor to draw more people into the discussion. Equating this type of political speech with doctored deepfakes or illegal content is a serious mistake. From internet memes to late-night comedians, from cartoons to plays and poems as old as organized government itself, political satire circumvents traditional gatekeepers and helps hold those in power accountable. Not surprising that it has long been targeted for censorship. This isn't a close call or slippery slope. Shutting down this type of political speech, especially at the urging of those targeted or threatened by its message, would present a serious threat to our freedoms and ability to hold those in power accountable."

Do you agree with that statement, yes or no?

Mr. Pickering. I believe in the competition of ideas.

Mr. O'Rielly. Yes.

Mr. Thierer. Yes.

Mr. Wood. I do agree with that Brendan Carr statement, yes.

Mr. Menendez. Oh, you stole the punch line.

Mr. Wood. I am sorry, sir. I just know it so well. I have memorized it.

Mr. Menendez. Brendan Carr in 2020, and 6 years later, here we are, him using his position to put his thumb on the scale of what we hear and how broadcasters are able to communicate what is happening in our country and across the globe, a deep departure from what he stated here, which you all agree with and I think my Republicans agree with.

But I often hear more silence from them instead of them voicing their opposition to what this administration is doing. And we can't overlook this abuse of power when we are assessing how well we have achieved the goals of the 1996 Act. I urge my colleagues across the aisle to recognize this for what it is, political censorship, plain and simple.

Thank you, and I yield back.

Mr. Hudson. Thank you.

The chair now recognizes the gentleman from California, Mr. Obernolte, for 5 minutes for your questions.

Mr. Obernolte. Well, thank you, Mr. Chairman, and thank you to our witnesses.

You know, I am really struck by similarities in between when the Telecommunications Act was passed in 1996, you know, really at the dawn of the internet and all the transformational changes that it was going to bring to our economy and our society, and where we are now with artificial intelligence, you know, at a very similar point where, you know, the landscape is just now becoming clear about just how transformative and, yes, disruptive it is going to be.

And, you know, it seems to me like we have a similarity of purpose here, where back in 1996, the whole point was to increase competition and to put in place a light-touch regulatory structure that allowed Americans to succeed in this new digital age, and we are at exactly that same point now.

So, Mr. Pickering, I will start with you. You know, obviously, we are seeing huge capital investment in AI, not just in model development and employment, but in infrastructure like fiber networks and data centers. Does the Communications Act, as amended by the Telecom Act, still work for this new technology or have we stretched it too far?

Mr. Pickering. I would encourage this Congress to begin a new framework for the new age and for the new technology, taking lessons from the 1996 Act. And what do I mean by that? The 1996 Act did create a national framework that was critical for both the deployment of competitive networks and advanced networks, but it is also critical for the internet economy to emerge that it was a national framework.

So I really commend your work on a bipartisan basis to create an AI national preemptive framework on a light touch as it relates to preserving States' rights to regulate on the consumer protection and the existing applicable laws and applications. And what you have done, I think, is reflected in what the administration just put out in their AI framework.

What this committee is doing on the permitting reforms, on fiber and the grid and electricity and energy and data centers, is the infrastructure pieces of the eighties and nineties that we did. So that if you can give a national framework of predictability -- and I think children's safety is a core anchor into an effort that allows us to build the infrastructure, protect our children, and give a national predictable framework that allows us to win the race on AI.

Mr. Obernolte. Thank you.

Commissioner O'Rielly, I wanted to ask you about broadcast ownership rules because this is a topic that has come up recently again. You know, obviously, that was one of the key provisions of the Telecommunications Act was to require the FCC to periodically review those rules, which they did. November of last year was their most recent time.

But, you know, the question has arisen now, with the decline in local journalism, about whether or not those ownership rules are still well serving the purpose for which they were

intended. And it has been opined by a number of different people that perhaps a reexamination of those rules is what is required to get the capital investment required to keep local journalism going.

Would you think that that is true or false?

Mr. O'Rielly. Generally true. I supported the biennial and then the quadrennial. It started as a biennial. But, you know, I think the ownership limitations no longer make any sense and they should be modernized. I didn't think that we could do the cap through the FCC alone and have articulated a different position there, but overall, yes, the ownership limitations, certainly on the cap, make no sense.

And then on even the local market, I think there was a deal to be had there that could have provided more comfort than we are probably going to get. In some regards, it might already be addressed. The transaction will likely lead to more transactions and so, therefore, may be a moot question.

Mr. Obernolte. Well, thank you.

Mr. Thierer, I can tell you have an opinion on this. I would like to ask you as well.

Mr. Thierer. On many of these things, but I want to join Chip Pickering in thanking you for your leadership on the important issues of the Federal AI framework and the bipartisan task force that you led with Representative Lieu.

And I think that, you know, we have a framework, not only in the Telecom Act, but a year after that, the Clinton-Gore administration came out with a framework for global electronic commerce -- again, global electronic commerce -- saying, quote, "The internet should develop as a market-driven arena and not a regulated industry." It made it very clear that we needed a national framework and that it should be very light touch, and they moved forward in a bipartisan way with Congress to develop that and foster that environment that led to an explosion like the world had never seen of investment.

I mean, AI last year, $400 billion invested in this country. We are running laps around the

rest of the world on this. Why? Because we got our policy framework right for the internet and AI. We need to continue that and expand it with the kind of vision you provided.

Mr. Obernolte. Right. Well, thank you, everyone, for your testimony.

My time has expired. I yield back.

Mr. Hudson. Thank you.

The chair now recognizes the gentlelady from Virginia, Ms. McClellan, for 5 minutes for your questions.

Ms. McClellan. Thank you, Mr. Chair.

I am actually very excited about this hearing because I was a second-year law student when Congress passed the Telecom Act in 1996, which was written for a world that doesn't exist anymore.

Voiceover landlines were still the primary form of communication provided over hundred-year-old copper infrastructure. As we heard, the internet was still in its early stages. There was no iPhone, no app economy, no Internet of Things, no modern broadband marketplace as we know it, no algorithms steering content to people. The industry predominantly looked like this panel of witnesses.

A year later, I began a 25-year career implementing the Telecom Act at the State and Federal level. So I have a real appreciation for both the ambition of the Act and the profound ways that the marketplace has changed since then.

As a young lawyer, I negotiated and arbitrated interconnection agreements across multiple States, including the first arbitration under the Act at the FCC, focusing on what was then called advanced services. I monitored evolving service quality standards to protect consumers at the Federal and the State level, helped shepherd through the transition of communications infrastructure from that copper network to state-of-the-art fiber facilities.

I witnessed a rapidly evolving State and Federal regulatory framework and the challenge of recovering costs from a rapidly shrinking customer base without pricing services out of reach as

technology brought intermodal competition faster than ever imagined.

I saw firsthand how permitting and citing officials struggled to adapt regulations created for giant cell phone towers to small cell wireless antennas the size of a backpack. And my final assignment before coming to Congress was figuring out how to implement BEAD across the Mid-Atlantic States from Virginia to New York.

And in light of some of the complaints that I have heard on this committee, I want to remind my colleagues, as I have done in the past, that some of that lag was due to the need required by the Act to develop a broadband map of underserved areas to ensure Federal funds weren't used to build duplicate facilities, the time to stand up broadband offices, plans and grant processes that allowed public participation and would meet open meeting and notice requirements.

We saw new entrants come and go. Baby Bells consolidated and gobbled up their competitors and even gobbled up their former parent. We saw the rise of cable and wireless providers, the growth of intermodal competition, the shift from voice to data, the rapid acceleration of mobile broadband after the invention of the smartphone, the emergence of fiber and satellite.

We saw network providers get into content, content providers get into networks, cable providers get into data and voice, so on and so on.

We saw industry executives push to make their workforce reflect the diversity of their customer base because they understood it was good for competition and it was good for business, and they could do so without fear of punishment from the FCC before the term "DEI" was ever heard in the wider community.

We saw customers change how they communicate, work, access entertainment, and participate in civic life.

The Act has done a phenomenal job. It is woefully outdated and does not meet the moment of what we need for the modern communications infrastructure. We are still grappling with persistent questions of universal connectivity and affordability. We are still debating how best to

protect consumers, who I haven't heard a lot about today, in a broadband-driven marketplace, including through transparency, privacy, and public safety protections. We are still asking whether our communications laws are doing enough to preserve competition, diversity of voices, and an era of consolidation and concentrated market power, and whether every American can afford the communication tools they need to survive.

So while today's hearing has not just been an exercise in nostalgia, it needs to help us think seriously about what modern communications policies should look like.

When I came to Congress, I believe it was you, Mr. Pickering, who said, You need to work on modernizing the Telecom Act. At the time, having just spent 25 years implementing it, I wasn't very excited about that. But listening to this hearing and, frankly, since the first day getting on this committee, you were right, and I am excited to be a part of modernizing it, but it can't wait, and this Congress has moved very slowly.

And whether it is implementing it in small batches, as suggested today, while focusing on a complete overhaul, we have got to get it right, because technology is changing much more rapidly today, and if we are not careful, the next telecom act could be obsolete in 4 or 5 years.

Now, I do have questions that I will submit for the record, but I wanted to give you the experience of somebody who tried to figure out what Congress meant when it passed the Telecom Act and spent 25 years doing it.

Thank you, and I yield back.

Mr. Hudson. Thank you. I appreciate your perspective on that.

I now recognize the gentleman from Florida, Representative Dunn, for 5 minutes for your questions.

Mr. Dunn. Thank you very much, Mr. Chairman.

You know, 30 years ago, Congress passed the Telecommunications Act, and the first major overhaul -- that was the first major overhaul since the Great Depression. The bill had the clear

intention of promoting competition while reducing burdensome regulation. In many ways, we were successful, but competition expanded, innovation accelerated, and consumers gained more choices than ever before. We can't ignore this.

In 1996, very few of us would have ever imagined that broadband internet would become the foundation of a modern economy or a world where artificial intelligence and cloud computing have revolutionized how we live and work. Here we are 30 years later, and the communications landscape has been transformed beyond recognition.

The 1996 Act remains the last major update to communications law this country has enacted, and today's hearing is an opportunity to ask whether that framework is still serving the American people and what we need to do as Congress to take care of people.

Commissioner O'Rielly, improving our satellite capabilities has always been a top priority for me, which is why I led the Launch Communications Act with Mr. Soto back in 2023. And satellite connectivity was not a major focus, obviously, of the Telecom Act back then. How would you propose we update the Act to properly address satellite connectivity?

Mr. O'Rielly. This committee has been very active and actually led the effort to push for regulatory reform of how satellites are regulated by the FCC. In terms of the process and the timing, I would continue that process. I think it has been wonderful. The Commission has picked up on that and has really charged ahead to make sure that the old structure that we had for GEOs is modernized for the smaller LEO systems in how dynamic they are.

We have to fix the processing rounds that were built for a GEO universe where you might have only two or three applicants for a particular spectrum band. Well, now we are having, you know, dozen that want to have -- when I was at the FCC, you had a dozen different applicants for LEO spectrum. And we are going to have to deal with the fact that additional spectrums are needed probably, likely in the satellite field. Where do you find that? How does it compete with everybody else?

So there are things to do, but the story for satellite is incredibly promising because of the exciting technology and investment that has gone on in that space, but also the committee's work to push processing reform and licensing reform.

Mr. Dunn. Well, so I think I agree with you, and I hope that you will work with my office on that because we spent a lot of time on satellite and communication.

Mr. Pickering, your testimony argues that getting the policy fundamentals right is the key to our success. Given how quickly these technologies have evolved, is legislation the best way to accomplish this as opposed to perhaps regulation? And if not legislation, what is the best approach for emerging technology so that we don't get too bogged down in our legislative problems?

Mr. Pickering. So if you follow the core principle of the 1996 Act, which is to promote competition in every sector, every market, every network, and if you look at how does that apply today on the AI front -- so if California, Colorado, New York are regulating AI models differently than all the other States, then they constitute barriers to entry primarily of the new entrants in this. And we represent from new AI companies entering the market to the larger, established American technology companies. And what we want is one national standard on the models so that everybody can deploy and then have maximum competition among the models. And the same is all of the above on our networks and our infrastructure.

And the AI revolution -- and I know Congresswoman Fedorchak is not here, and Congressman Latta left, but the AI revolution has a chance to bring competition to energy like it did to digital infrastructure, and don't miss that opportunity to bring competition to all parts of the infrastructure and all models.

Mr. Dunn. Thank you very much.

I don't think I have time for another question here, Mr. Chairman, so I am going to yield back to you. Thank you so much.

Mr. Hudson. I appreciate your discretion, sir.

The chair now recognizes the gentlelady from Florida, Representative Castor, for 5 minutes for your questions.

Ms. Castor. Well, thank you, Mr. Chairman, for holding this important hearing on the Telecommunications Act of 1996. Thanks to our witnesses who have been here.

The Act definitely is responsible for the digital age that we live in now, mostly for good, but we have -- I think there is bipartisan concern with how Section 230, that shield, has evolved now as the technology has evolved.

And this committee has spent a good amount of time over the years learning about the harms to young people through online social media platforms, especially the way that the platforms are designed, not the content but the addictive features that keep kids online or expose them to predators or encourage them to participate in violence, social media challenges, or fall victim to financial exploitation.

I think these lawsuits out of L.A. and New Mexico this week are very telling. I think the public understands the harm to children, and I don't -- the bills that passed out of the House Energy and Commerce Committee don't do the job. They will actually leave children worse off with fewer protections.

So there is a lot of work yet to be done here, but I don't want anyone peering into this hearing to think that this committee has been hard at work on those solutions this Congress, yes in last Congresses where we were bipartisan, but we have a lot of work to do. And until we are able to do that in a bipartisan way, the courts and citizens across the country will take the matter into their own hands.

Mr. Wood, you said, yes, Section 230 has acted kind of as a get-of-out-of-jail-free card to some extent. How do you want us thinking about bringing clarity to Section 230 in a day and age where the technology has evolved? It is not just static anymore. We have automated content recommendations, AI-generated digital material. How do you recommend that we proceed here?

Mr. Wood. Yeah. The technology has changed. I don't know that that is the key part for any kind of amendment to the law. When I testified back in 2021 on this, we supported looking at what we called distributor liability, so think of the bookstore rather than the publisher.

And so there was actually a bill at that time to overrule a case that, I think, made 230 too broad. I want to be clear again. We support 230. We think it has been vital. We think it is still vital today. But when a company knows that it is causing harm and we can show that, then that is when they should be held to account.

And the kind of product design liability theory that you mentioned, I haven't had time to fully study this week's results in the court cases. These are all productive discussions to have. Obviously, we think that every lawsuit shouldn't land, but that too many times they have been turned away by an overly broad reading of 230 that goes back to some of those very first decisions about it.

Ms. Castor. I agree.

The committee has also spent considerable time examining how to build out infrastructure and boost connectivity. There are many folks back home, many of my neighbors, who still are barred because they simply can't afford the device, and that is why I thought it was terrific that Congress came together and passed the Bipartisan Infrastructure Law to consider broadband as infrastructure. It is if you want to fully participate in today's economy.

That is why we created a grant program at NTIA for digital equity, and the city of St. Petersburg in my district won a competitive $6.9 million grant. St. Pete was in the first round of the grants. It was the only city in Florida to win because there are a lot of barriers. There is a big digital divide between the haves and the have-nots, so that was going to be an important way to address the digital divide and get devices and hot spots and home internet equipment out.

Mr. Pickering, you said -- you highlighted the -- you thought this is beneficial, an infrastructure law that considers broadband expansion. Do you still think that is the truth?

Mr. Pickering. Very much. We just need to get it in the ground and build it and deploy it as fast as possible, and then use the very sizeable savings, about $21 billion, to help in the permitting across the country to speed --

Ms. Castor. But for these kind of grants -- I mean, for the administration to come in and rip those funds away after the Congress has passed a law, we have appropriated the money -- that is our constitutional role, right -- what is your view of an administration acting illegally to cancel those kind of grants?

Mr. Pickering. Well, look, whether it is a Republican or a Democratic administration, unfortunately, government is not known for moving fast. The private sector is --

Ms. Castor. I don't think this is an issue of them moving fast or for the NTIA grant. It was a matter of the administration illegally taking back appropriated dollars that have been granted to a community that needed them.

You don't have to answer. My time is up.

Mr. Pickering. Thank you.

Mr. Hudson. Thank you.

Ms. Castor. You hear where I am coming from.

Thank you. I yield back.

Mr. Hudson. I thank the gentlelady.

The chair now recognizes the gentleman from Ohio, Mr. Landsman, for 5 minutes for your questions.

Mr. Landsman. Thank you, Mr. Chairman, and thank you all for being here and your testimony today.

The 1996 telecoms bill, to me, is about corporate consolidation and what Congress did to take on corporate consolidation to create the kind of competition that would lead to better outcomes for consumers.

And, you know, we find ourselves in a situation where we are dealing with extreme concentrations of wealth and power throughout just about every sector, and that leads to this kind of -- concentration of wealth and power leads to fewer choices for consumers, higher costs, the quality of services typically goes down, workers get less.

And, you know, in 1996, Congress took action. They had a lot of courage. They took on this situation with AT&T, which at the time had 90, 80, you know, percent of the market share -- it was something significant like that -- and broke up AT&T into, I think, seven companies and returned competition back to the marketplace.

It is important to note that at the moment, three companies now have 90 percent of the market share again, AT&T and a few others. So there is the question as to whether or not this Congress has to find that courage again to say we are going to break up this concentration of wealth and power because it is terrible for consumers. It is terrible for the markets.

And it is not just in telecom. I am going to just give you a couple of examples. There are four meat packers in the United States that control 80 percent of the beef market. So farmers get paid less and consumers pay more. There are three pharmacies that own more than half of the market. There are three PBMs that control 80 percent of the market. There are two hardware stores, companies, that control more than half of the market.

There is one healthcare company that is buying up hospitals. They currently only have 5 percent of the market, but that is significant. They have purchased 200 hospitals. Their goal is to get to 30 percent by the end of the decade, just in a few years. That is 2,500 more hospitals that they are going to buy.

This is, I think, at the heart of why the economy is broken is that you have this extreme concentration of wealth and power where only a few people are making these big decisions.

And, you know, it is important to remember that Congress did have courage to act on this in 1996. They broke up AT&T. They took on corporate consolidation. So I guess the question is, is

that courage still here? Do we still have it? Because it is clearly needed.

So I would like us to take on, you know, a similar bill as it relates to food in this country, as it relates to healthcare in this country, as it relates to media across the board.

Mr. Wood -- and you all can talk about, you know, any other sector, but, you know, in telecoms, you know, clearly this competition question is still an issue. Does it need to be resolved? I mean, as we take up this legislation, isn't there the question, well, aren't we back at this place where three companies own 30 percent of the market?

Mr. Wood. Yeah. I mean, I have certainly seen commentators talk about AT&T sort of putting itself back together, almost Terminator-like and, you know, becoming as big as it once was. I think the important thing to note, we have heard a lot today about deregulation and how that boosts innovation and investment, and that can be true, but we have to be careful about that because I think we also have on both sides of the aisle concerns about the power of Big Tech.

And so deregulation, I don't agree that every situation is the same. I don't really agree with suggestions we have heard that we should put every kind of tech company into the same bucket. I think the larger point you make, though, is exactly right, that there is tremendous concentration of wealth, and that can maybe lead to faster pace sometimes. We have to be worried about who is being tossed aside along the way.

Mr. Landsman. Mr. Pickering, you were in Congress. You know -- I have got 25 seconds -- so I don't feel the courage, and I am curious what you think.

Mr. Pickering. Courage, in part, sometimes can build a hole, and so take the steps where you can make a difference. I want to commend you for the RAIL Act. It is an example of allowing new entrants, new fiber companies, new deployments to cross the railroad track in time and at cost without delay, and it really is an important part of bridging the digital divide.

So removing barriers helps on the competition side, and so I commend you and Congressman Joyce and Congressman Peters, a bipartisan initiative to do so.

Look, INCOMPAS started in 1981 as the first and founding voice for competition to break up AT&T. So, you know, today, we celebrate so much more competition in the digital economy from what it was.

Mr. Landsman. Fair enough.

Mr. Pickering. And I tell all my friends, my family, and you, I have met progress. I haven't met perfection. And we have made a lot of progress.

Mr. Landsman. Thank you, Mr. Chair. I yield back.

Mr. Hudson. Thank you.

The chair now recognizes the gentleman from Pennsylvania, Mr. Joyce, for 5 minutes to ask your questions.

Mr. Joyce. Thank you, Chairman Hudson and Ranking Member Matsui, for allowing me to join in this important hearing.

As the development of advanced technology accelerates, it is important that we evaluate existing law to ensure that regulations are appropriate and that innovation is encouraged. This is increasingly necessary as we see tech development leading us into the age of AI.

Pennsylvania is leading innovation in the artificial intelligence space. As I have previously mentioned before this subcommittee, the historic $92 billion investment announced by President Trump in the Commonwealth of Pennsylvania last year is securing more jobs, attracting domestic companies, and increasing energy production.

We must continue to invest in this industry that is promoting economic growth and leading to advancements across all sectors, including manufacturing and healthcare. With these crucial developments, the United States can win the global AI race. We must allow innovation and competitiveness to thrive. We must provide the proper guardrails for this to all be possible at the same time.

Mr. Pickering, you mentioned the importance of the United States winning the global AI race

in your written testimony. You also mentioned that we are entering into a new era defined in a completely different way by AI. Is this definition -- as we enter into this, is it clear that we are living in that different world than when this act was originally passed?

Mr. Pickering. Yes, and that is why earlier in one of the answers to a question, I said we need a new framework. We need an AI framework and an AI infrastructure and the policies to build, as quickly as possible, a national standard delegating to the States what they do best, reserving for our national interstate commerce a policy on AI, and bringing competition to the energy and electricity markets that we brought to the digital infrastructure networks for the last 40 years.

Mr. Joyce. Is that framework capable of being developed with this Telecommunications Act of 1996?

Mr. Pickering. I would recommend a new framework.

Mr. Joyce. What updates, what specifically should occur that would allow AI development and competition to continue to develop?

Mr. Pickering. It goes back -- you know, having a national framework on model regulation is critical, because if you take the European approach, which is a permission base, before you develop a model, you must get regulatory approval, and that slows innovation, it slows adoption, and it slows and sometimes blocks competition.

So have a national framework on model regulation, allow the States to continue consumer protection, civil rights, and all the core innovative things that they do but not to be able to say yes or no to a model being built and deployed at the front end.

Mr. Joyce. You talk about the keenness of innovation. Does that have to be maintained at the forefront to be successful?

Mr. Pickering. Yes.

Mr. Joyce. I agree with you on that.

You mentioned the RAIL Act. I am the grandson of railroaders from Pennsylvania. I saw

the advancements of what railroad has done, but I see the lack of cooperation currently right now with the rail industry that allows the lines that need to be placed either alongside, underneath, or over rail.

How important is that to allow telecommunications to continue to advance?

Mr. Pickering. You know, it is critically important both to the fiber to the home across -- a lot of times the railroad really is the dividing line in a community, between the advantaged and the disadvantaged. So to be able to connect fiber to the home is important.

But we are also having long routes and middle mile routes that connect key hubs, like in Pennsylvania, to the data centers and the energy and the large language model data centers. Those long routes connecting a global and a national system of AI infrastructure, of cloud computing, and supercomputing, and next quantum computing, to be able to have those long routes, you have to cross railroads.

And a lot of times we are seeing 6 months, 12 months, 18 months where the railroads sit on a application and never respond. And then when they do, they are charging exorbitant rates to cross the railroad. And we can do it at cost, with shot clocks, safely, more than current safety standards. We can cross underneath in a very, very safe way.

And we need -- your legislation fixes that, and it is bipartisan, both House and Senate, and I hope it can be part of the Broadband Deployment Act and whatever permitting reform, comprehensive approach this Congress tries to do this year.

Mr. Joyce. I think you recognize, as we continue to modernize the Telecommunications Act of 1996 30 years after it was made into law, innovations and technologies, specifically in artificial intelligence, should be one of our collective focus points.

I thank you for your discussion today. I thank all of you for this hearing.

Mr. Chairman, I yield back.

Mr. Hudson. Thank you.

And I ask unanimous consent to insert in the record the documents included on the staff hearing documents list.

Without objection, so ordered.

Seeing there are no further members wishing to be recognized, I would like to thank our excellent panel of witnesses. This has been a fantastic conversation. I really appreciate all of your thoughts and testimony and answers to the questions here today.

I remind members they have 10 business days to submit questions for the record, and I ask our witnesses to please respond to those questions promptly. I believe I will have a few for you too. I am looking forward to continuing this conversation.

Members should submit their questions by close of business on April 9, 2026.

Without objection, this subcommittee is adjourned.

[The information follows:]

******** COMMITTEE INSERT ********

[Whereupon, at 12:59 p.m., the subcommittee was adjourned.]