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December 11, 2008

The Honorable Nancy Pelosi
Speaker of the House
U. S. House of Representatives
H-232, The Capitol
Washington, DC 20515

The Honorable John Boehner
Republican Leader
U. S. House of Representatives
H-204, The Capitol
Washington, DC 20515

The Honorable Harry Reid
Majority Leader
U. S. Senate
S-221, The Capitol
Washington, DC 20510

The Honorable Mitch McConnell
Republican Leader
U. S. Senate
S-230, The Capitol
Washington, DC 20510

Dear Speaker Pelosi, Majority Leader Reid, Republican Leaders McConnell & Boehner,

On behalf of the Telecommunications Industry Association (TIA), I am writing to urge you to include broadband deployment and adoption incentives in the economic stimulus bill Congress is planning to consider at the start of the 111th Congress. Including broadband incentives in a stimulus package would further a number of important goals including job creation and retention as well as provide substantial benefits to all Americans.

Earlier this fall, I wrote to you on the same topic and encouraged you to look at the whole array of broadband deployment [and adoption] incentives that have been proposed by Members throughout the past several years. Broadband networks directly impact the productivity of our industries and our economy, and pivotally affect public safety, education, health care, and countless other functions in Americans' daily lives. Like any other infrastructure project, the deployment and use of broadband will significantly increase and maintain job growth well beyond the initial investment in the infrastructure, laptops and computing devices themselves. Broadband incentives are a necessary component of a 21st century stimulus package.

To that end, TIA commends a proposal by the Communications Workers of America (CWA) which outlines a number of broadband deployment and adoption incentives which, according to CWA estimates, would create 97,500 direct jobs and 2.5 million jobs throughout the economy in the near-term with every \$5 billion investment. The CWA proposal is broad-reaching and includes a number of key initiatives that TIA has supported, including the funding of the recently enacted "Broadband Data Improvement Act (PL 110-385)" as well as the creation of a number of tax incentives which would lower the cost of capital and act to encourage the building of new broadband networks.

The full panoply of broadband technologies will be needed to ensure universal deployment in America. As a result, it is important that our National policies and investment incentives apply to each technology and that they enable deployment strategies that can be tailored to the specific needs of geographic areas and unserved or underserved populations. To this end, TIA believes that the CWA proposal provides an apt starting point for creating a broadband stimulus package. Indeed, Congress can refine what is included in the CWA package as you work to draft the broadband piece of the economic stimulus bill. Specifically, in the section of the CWA proposal titled "How to structure tax incentives," we suggest including additional tiers of tax incentives for a more comprehensive proposal that would include the full spectrum of broadband platforms. This can be accomplished by creating tiers of service and tax benefits such as:



For wireless broadband infrastructure: 75% expensing or 15% investment tax credit for networks capable of 1.5 mbps downstream/ 384 kbps upstream and 100% expensing or 20% credit for 3 mbps downstream/ 1 mbps upstream; and 40% investment credit for a network providing 5 mbps downstream/ 1 mbps upstream.

For fixed broadband infrastructure: 50% expensing or 10% investment tax credit for networks capable of 3 mbps downstream/ 1 mbps upstream, 75% expensing or 15% credit for 25 mbps downstream/ 5 mbps upstream; 100% expensing or 20% credit for 50 mbps downstream/ 20 mbps upstream; and 40% investment credit for a network providing 100 mbps downstream/ 20 mbps upstream.

For satellite broadband infrastructure, which plays a special role in national broadband deployment, tax benefits associated with particular service capabilities remain to be determined. A national, ubiquitous broadband infrastructure has four critical and complementary components: fixed broadband, wireless broadband, satellite broadband and broadband core and backbone transport. Thus a plan to stimulate investment in broadband and truly build this key national digital infrastructure across the U.S. needs to incorporate all four of these elements. Our proposal is intended to ensure that broadband tax incentives are available for investments across all of these categories.

The CWA proposal also suggests “direct grants” for rural broadband deployments. TIA agrees and would suggest a \$25 billion grant program for deployment of broadband infrastructure in unserved areas. The grant program would be a technology neutral opportunity for interested providers to bid for partial subsidies to provide broadband service, at minimum speeds and appropriate capabilities to be determined by the Federal Communications Commission (FCC), to all households and businesses in a particular unserved area. A grant program such as this would finally bring broadband services to all parts of the nation without creating the need for an ongoing service subsidy.

Moreover, in order to create a comprehensive broadband stimulus package, Congress should also consider measures that will stimulate the demand for broadband. It is indisputable that access to broadband provides a host of benefits to communities – especially rural communities – and to families. To that end, the stimulus package should include measures which would help drive broadband demand, including: vouchers for low-income Americans (including both adults and students) so that they may purchase laptops, mobile handsets and other computing devices; a tax credit for small and medium sized businesses who purchase/upgrade their PCs, laptops, mobile handsets, broadband equipment, services, and software; and allowing consumers eligible for Lifeline and Link-Up to use discounts for broadband services and devices as well as telephony.

Further, we respectfully ask that you continue to prioritize broadband as the overall bill comes together. If possible, we ask that you dedicate additional resources to this effort as the dollars spent in this area will continue to pay rich dividends to American competitiveness and the health of the American economy for years to come.

Please feel free to contact me or my staff at any time if we may be of assistance to you as you work to formulate the economic recovery legislation.

Best regards,

A handwritten signature in black ink that reads "Grant E. Seiffert". The signature is written in a cursive, slightly slanted style.

Grant Seiffert
President, TIA