



## Finance, Revenue and Bonding Committee

March 22, 2016

Testimony Regarding:

House Bill 5636, *An Act Concerning Municipal Taxing Districts, The Sales Tax, The Apprenticeship Tax Credit, Certain Fees And The Tax Credit Report.*

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Chairman Hartley, Chairman Perone, Senator Frantz, Representative Camillo, and distinguished members of the committee, thank you for the opportunity to submit testimony regarding House Bill 5636, *An Act Concerning Municipal Taxing Districts, The Sales Tax, The Apprenticeship Tax Credit, Certain Fees And The Tax Credit Report.*

Since its acquisition of SNET in October of 2014, Frontier has made great progress in this state. We have added over 300 jobs to our workforce, with plans to add 200 more over the next two years. We are on track to invest \$480 million in the state's telecommunications infrastructure in the three years following the acquisition, with over \$150 million spent in 2015 alone. In particular, we have focused our investment on expanding our broadband capabilities across the state. In addition, we have ensured that over 25,000 underserved households, including 2,500 that were previously unserved, now have new or improved broadband service. We have also continued to expand our fiber optic infrastructure in the state, and now have over 868,000 miles of fiber in our network. In short, we are dedicated to the economic growth and prosperity of Connecticut and have deployed, and continue to deploy, the communications infrastructure necessary to support future growth. However, we are concerned that Section 1 of this bill, as drafted, lacks a clear public policy objective and would not improve access to, nor the performance of, broadband services.

Before the discussion of the specific issues with the bill, it is important to note a few facts. First, Connecticut is a **national leader** in its IT infrastructure. The FCC recently found that Connecticut's download speeds were measured as the **second fastest in the country**.<sup>1</sup> Further, Connecticut has the **highest percentage** of the population with access to 25/3 Mbps of any state—only 1% lack such access.<sup>2</sup> That is not to say that we should not continue investment in our state's IT infrastructure, which Frontier and others continue to do, but to recognize that our state's IT infrastructure is robust and is an asset in retaining and attracting businesses to Connecticut. Second, Frontier—and a host of other providers—provide Gigabit and above-capable solutions to commercial customers today, including those in the bioscience, health care and insurance industries. In fact, these solutions have been utilized by commercial customers in Connecticut for many years.

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<sup>1</sup> <https://www.fcc.gov/reports-research/reports/measuring-broadband-america/measuring-broadband-america-2015>

<sup>2</sup> See, FCC 2016 Broadband Progress Report, Released January 29, 2016.



Section 1 of this bill is not needed—Connecticut already has privately owned and operated ultra-high speed broadband networks throughout the state that are robust and the envy of most other states. This provision is part of a growing and concerning effort on behalf of certain advocates to have the government become involved in the provision of broadband services. Generally, any state involvement should be designed to facilitate and enhance private investment, not as an avenue for introducing government subsidized competition. Numerous private companies have already invested billions of dollars in communications infrastructure in Connecticut. Their private capital expenditures in the state and competition are what have enabled Connecticut to lead the nation in broadband access. Seeking to establish government owned and operated systems that would, with taxpayer dollars, attempt to compete with the existing providers is the wrong approach. One only has to look to the experience of Groton, Connecticut to understand the serious pitfalls associated with municipally owned and operated networks, which more often than not prove to be poor investments of taxpayer’s dollars, which thwart competition and, ultimately, delay the roll out of service improvements and technological advancements to consumers. It should be a clear mandate of any state program that state involvement be used to augment and efficiently improve existing communications networks. This can better be accomplished by incenting additional private network investment through other mechanisms such as tax credits.

For these reasons we respectfully request that you remove Section 1 from the bill.