

Committee on FINANCE, REVENUE and BONDING

Position and Opposition to HB 5636 Section 1 (An Act Concerning Municipal Taxing Districts, The Sales Tax, The Apprenticeship Tax Credit, Certain Fees And The Tax Credit Report).

The New England Cable & Telecommunications Association, Inc. (NECTA) represents Connecticut's cable telecommunications companies that compete to provide advanced broadband, voice and video products and services to our state's business and residential consumers. In Connecticut, we represent: Comcast, Charter, Cablevision, Cox and Metrocast.

NECTA offers these brief comments, and our ongoing expertise, regarding Section 1 that amends section 7-326 of the General Statutes allowing municipalities to create districts to build and operate a community broadband system.

Connecticut's existing policies have served consumers extremely well by almost any objective measure, including speed, access, adoption, economic development, and Connecticut-based jobs.

Government-run broadband has been tried and, for the most part, taxpayers ended up holding the bag. Charles M. Davidson and Michael J. Santorelli, from New York Law School, recently studied ten such networks, concluding that most are heavily in debt negatively impacting municipal financial stability or being sold off at multimillion-dollar losses.

Groton spent \$38 million building a local network. After losing an average of \$2 million a year, local leaders concluded that the service was financially unsustainable and sold it to private investors for \$550,000. Taxpayers won't finish paying off the \$27.5 million borrowed for this project until 2027.

Burlington, Vermont borrowed over \$33 million, plus an additional \$16.9 million in taxpayer funds, to construct and operate a local network. The city defaulted on the loan, eventually paying \$10.5 million to resolve the resulting litigation. And they also agreed to sell the network within 3-5 years but there is no guarantee the sale proceeds will be sufficient to recoup even a portion of the taxpayer investment.

A copy of the Executive Copy of the New York Law School Study can be found at <http://www.nyls.edu/advanced-communications-law-and-policy-institute/wp-content/uploads/sites/169/2013/08/ACLP-Government-Owned-Broadband-Networks-EXEC-SUMM-June-20141.pdf>.

Thank you for this opportunity to present our views. NECTA is available to work with your Committee as you continue to consider this important policy issue.

Respectfully submitted,

A handwritten signature in black ink that reads "Paul R. Cianelli". The signature is written in a cursive style and is positioned above a horizontal line.

Dated: March 22, 2016

Paul R. Cianelli
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