



Testimony

Testimony to the Texas Senate Business & Commerce Committee Broadband and Telecommunications

by Zach Whiting and David Dunmoyer

Interim charge: Study broadband and other telecommunications related issues impacting Texans, including:

- Monitoring the implementation of House Bill 5 and House Bill 1505, 87th Legislature; discuss anticipated federal infrastructure funding dedicated to broadband initiatives.

Dear Lt. Gov. Patrick, Chair Schwertner, and Members,

Thank you for highlighting broadband issues as part of your interim charges.

The Texas Public Policy Foundation is spearheading a new technology policy initiative, Better Tech for Tomorrow, to provide research and support for Texas lawmakers to ensure Texas is a leader in conservative technology policy to make Texas the best state for responsible, values-driven technological innovation. Thank you for your efforts so far and the work you will do in the upcoming legislative session.

TPPF's mission is to develop a bold, light-touch, conservative approach to technology policy, innovation, and cultural issues—with an emphasis on promoting morality and civic virtue, and protecting the privacy, safety, security, autonomy, and dignity of Texans, Texas culture, and values. Ultimately, technological innovation and policy should serve humanity, not the other way around.

As an initial matter, the first author previously served as an Iowa state senator, assistant majority leader, and the vice chair of the Administrative Rules Review Committee. The author takes very seriously the need for robust oversight of agency implementation and rulemaking to ensure legislative intent is captured and agency authority is not exceeded. The Foundation and the author are genuinely grateful for this important exercise of legislative oversight.

While the technology policy campaign at the Foundation is new, we have been working on issues that touch on the technology sphere for decades. The Foundation has published various op-eds and research on this issue, advocating for solutions that provide adequate broadband access for rural Texans without taxpayers incurring unnecessary costs. With this new campaign, we intend to approach broadband service with a holistic lens, and, in doing so, will provide additional recommendations relevant to this Senate interim charge.

TPPF has published research and commentary calling for fiscal prudence for federal monies reserved for broadband investments. In May 2021, we published research on the path to keep Texas Texas for COVID-19 relief funds.¹ We recommended that the strategy should strive to return these funds to taxpayers by reducing and keeping taxes lower than otherwise, funding only one-time expenditures, and rejecting all or most ARPA funds with strings attached. This strategy would help avoid expanding government, reduce the impact on state sovereignty, mitigate the rising burden of the federal government's high spending and debt, and provide relief to families.² Specifically, with the Infrastructure Investments and Jobs Act of the 117th Congress, we cautioned against accepting federal monies to limit rising dependence on the federal

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government. We found that the Jobs Act would have sent more than \$100 million for broadband, while state legislators already approved \$500 million for it from the American Rescue Plan Act (ARPA) funds, potentially making the added funds duplicative and wasteful.³

Speaking to HB 5 specifically, ultimately, most agree that broadband expansion is key to equitable internet access and reliability for Texans, regardless of where they live. Because Texas will receive more than \$600 million in federal funding for broadband infrastructure, decentralization, transparency, accountability, and prudence are key.

No one person, agency, or entity should be in control of the entire broadband fund. We appreciate the various entities created to ensure a variety of perspectives and input in the process. Furthermore, spending of the money should be transparent and open for the public and industry to see, ensuring greater accountability. Finally, the money should be spent in a prudent manner, targeted to the areas with the most need, particularly the rural parts of the state. While fiber is best, fastest, and most secure, it may be cost-prohibitive to get fiber to “the last mile.” Accordingly, policymakers should consider an emphasis on “the middle mile” and be open to other means of internet access (e.g., satellite, fixed wireless, cable, etc.). Public-private partnerships may also further these principles.

Another interesting approach is a broadband revolving loan fund, like the state drinking water revolving loan fund, for example.⁴ With more than \$600 million available, a well-managed revolving loan fund can provide decades of funding for broadband infrastructure projects rather than just one-time funding now. A revolving loan fund could provide low-cost, low-interest loans for planning, acquisition, rights-of-way, construction, and expansion of broadband infrastructure. The loan fund could be targeted to municipalities, cooperatives, small providers, and rural providers.

Again, thank you for emphasizing and studying the importance of connecting Texans. We look forward to providing additional research and support for your efforts.

Sincerely,

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¹ Ginn, V. (2021, May 4). *How Should Texas Spend COVID-19 “Stimulus” Funds*. Texas Public Policy Foundation. <https://www.texaspolicy.com/how-should-texas-spend-covid-19-stimulus-funds/>

² Ginn, V. (2021, May 14). *Keep Texas Texan Path for COVID Relief Funds*. Texas Public Policy Foundation. <https://www.texaspolicy.com/keep-texas-texan-path-for-covid-relief-funds/>

³ Ginn, V. and Smith, K. (2021, December 9). *Texas Must Carefully Consider Using Funds from Biden’s Green Energy Boondoggle*. Texas Public Policy Foundation. <https://www.texaspolicy.com/texas-must-carefully-consider-using-funds-from-bidens-green-energy-boondoggle/>

