

**STATEMENT OF
COMMISSIONER BRENDAN CARR**

Re: Implementation of Section 621(a)(1) of the Cable Communications Policy Act of 1984 as Amended by the Cable Television Consumer Protection and Competition Act of 1992, MB Docket No. 05-311.

If you tax something, you get less of it. Yet politicians around the country have been treating Americans' cable and broadband bills as a piggy bank to line government coffers. Those illegal taxes only raise our costs, make it harder to access the Internet, and curb competition. Today, we vote to end this outlier conduct.

Doing so is not only required by federal law. It's the right thing to do. Policymakers at all levels of government should be making it easier and less expensive to build out broadband infrastructure. That is why this FCC has been eliminating regulatory costs and cutting red tape. It's so that next-gen networks can be built, increasing competition and choice.

Regulatory reform matters—and not just in some abstract or theoretical sense. We know it from our own experience.

Take this Commission's actions to get the government out of the way so the private sector can build 5G. We modernized the federal historic and environmental rules that apply to small cells. We addressed outlier conduct at the state and local level by tackling high fees and long delays in the permitting process. Combined, those two decisions cut about \$3.6 billion in red tape that had slowed down broadband builds and limited competition.

In fact, those and other FCC reforms are already delivering results. Internet speeds are up nearly 40 percent. Americans saw more fiber broadband built to their homes last year than ever before. The number of small cells put up increased from 13,000 in 2017 to more than 60,000 in 2018. Investment in broadband networks is back on the rise. And the U.S. now has the world's largest 5G deployment.

We know the opportunity that broadband enables—from creating jobs to improving access to high-quality healthcare and education. That's why, as policymakers and regulators, we must always view broadband as an opportunity for consumers—not tax collectors.

That brings us to today's Order. Congress recognized decades ago that excessive taxes and in-kind demands, which have the same effect, could threaten innovative services and lead to higher prices. That's why Congress capped franchise fees at five percent of cable revenue. Congress wanted to encourage voice and Internet service offered over cable systems by shielding those services from taxes and regulations.

The Commission knows well that outlier fees and restrictions limit buildout. We saw that with small cells, where cities like New York and San Jose leveraged their monopolies over the rights of way to demand exorbitant fees and concessions wholly unrelated to the cost of rights of ways. And we're seeing a similar dynamic here with cable franchising.

Some local franchising authorities have taken advantage of their roles as regulators to force providers to offer free service to municipal liquor stores and government-owned golf courses. Others have imposed broadband and voice taxes on top of existing franchise fees. And others have required providers to obtain entirely separate franchises to provide Wi-Fi and cellular backhaul even though they're already authorized under existing franchise laws.

This abusive behavior has consequences. Money that could otherwise be spent on network deployments and upgrades is instead diverted to the government's own pockets. Ultimately, consumers take the hit—whether it's a higher-priced cable bill or decreased investment and competition in their communities. An economic analysis in our record shows that without reform, illegal taxes will reduce consumer welfare by \$40 billion by 2023.

So I'm glad we take these steps today to crack down on bad actors who seek to tax broadband and thus provide less access and competition for all of us. I'm also glad my colleagues agreed to some edits that have strengthened this item to further protect consumers from harm.

First, we now make clear that illegal franchise terms are *per se* preempted under the statute and by this Order, which will help bring franchises into compliance more quickly. Consumers shouldn't have to pay higher prices while protracted negotiations take place. Their cable bills should simply reflect the law. Second, we make clear that Wi-Fi and wireless services provided over the cable system are exempt from duplicative fees, which will encourage providers to invest more in these 5G-ready services. Third, we affirm that franchising authorities may not ask cable operators to voluntarily waive these regulatory reforms as a negotiating tactic or to perform an end-run around the statutory franchise fee cap. And finally, we ensure that in-kind contributions requested by franchise authorities are calculated at their fair market value, because consumers shouldn't have to pay more for cable services than the governments who represent them.

These and other edits I requested help ensure consumers are protected from higher prices and that more money is spent on the investments needed to bring more broadband to more Americans. So I want to thank my colleagues for expanding the relief that we provide in this decision. I also want to thank the Media Bureau for its work on the item. It has my support.