



September 14, 2021

WHAT YOU NEED TO KNOW ABOUT

The Fight around City-owned Broadband

PRO POINTS

- **The Covid-19 pandemic and infrastructure debates** have put cities' broadband needs in the spotlight, creating new urgency about connecting residents to high-speed internet.
- **One central battlefield has been around local governments** owning and operating their own broadband networks. Democrats argue these communities are well positioned to do so because of their awareness of local needs, while Republicans say the private sector is better suited because of ISPs' scale and expertise.
- **The Biden White House prioritized funding** for such municipal networks in its original infrastructure proposal, but Congress killed that provision in infrastructure negotiations.
- **Seventeen states restrict the operation of government-run networks** following years of lobbying by the telecom industry — sometimes outright banning government networks. Some Democrats are proposing federal legislation to override these restrictions and bans.

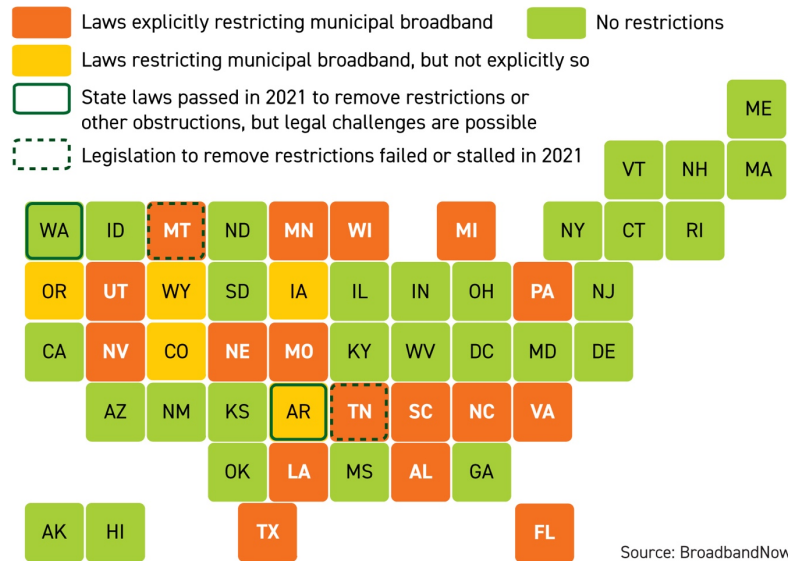
HOW WE GOT HERE

In his original infrastructure plan unveiled in March, President Joe Biden reignited a long-brewing debate around whether municipalities should be running their own broadband internet networks.

The White House sought to prioritize a proposed \$100 billion in broadband investments that would flow to local governments, nonprofits and cooperatives, arguing they faced less pressure to “turn profits” compared with private-sector heavyweights like AT&T and Comcast. The administration also supported “lifting barriers that prevent” such providers from “competing on an even playing field with private providers,” according to an administration summary that didn't offer further details.

What followed were months of fierce jockeying as Biden negotiated with Capitol Hill. Telecom companies, along with Republicans, recoiled at the idea of putting local governments in charge of delivering such internet connectivity.

Laws in many states create hurdles for municipal broadband



Advocates including the White House say communities are best positioned to know their local needs and will put a premium on getting the fast service residents want. Many accuse the telecom giants of regional monopolization and business models that resist building out to hard-to-reach corners of many parts of the country.



Detractors including the telecom companies and Republicans, meanwhile, argue local governments don't have the expertise or scale to properly run such systems.

Fights over such networks have existed for more than a decade, with each side pointing to what it would consider grand successes (like the gigabit offerings in Chattanooga, Tennessee) and failures (Utah's iProvo, which was sold off to the private sector amid financial struggles). Groups like the National League of Cities and Institute for Local Self-Reliance collect data points and stories favoring various projects, while the Taxpayers Protection Alliance has sought to tar efforts as "broadband boondoggles."

The telecom industry successfully threw up roadblocks to such government-run networks in more than a third of the country by lobbying statehouses. Seventeen states currently impose restrictions on operating a municipal broadband network. An Obama-era regulatory attempt to override such restrictions failed in court in 2016.

WHAT'S NEXT

Critics won the latest round with the White House during recent infrastructure negotiations, although the issue is now top of mind for various policymakers in Washington and likely to be back center stage in the coming months.

The bipartisan group of senators with whom the White House negotiated ultimately stripped Biden's original proposal to prioritize municipal broadband in order to get enough Republicans on board. The deal they struck includes \$65 billion for broadband, with about \$42 billion devoted to grants for building out the broadband infrastructure. Both private ISPs and city-run networks will be eligible to bid for state grants of this money.

State officials, however, are still debating how much city governments should be able to do, especially as communities put a premium on internet connectivity after the prolonged shutdowns of the Covid-19 pandemic.


The State of Washington in May abolished its longtime restrictions on municipal networks, and Arkansas in February also eased its own restrictions. Ohio state GOP lawmakers considered and ultimately decided against a ban this summer. Democratic lawmakers like Rep. Anna Eshoo (D-Calif.) are still pushing to pass federal legislation to knock down other existing state barriers, and advocacy groups like the National League of Cities have rallied around that attempt.

Some of these advocates have tried to make sure municipal networks are well positioned to receive some of the many billions in federal pandemic relief funds, which passed earlier in 2021.







Hundreds of municipal broadband networks persist in face of restrictive state laws

Despite bureaucratic obstacles, many communities and cooperatives have found ways to provide municipal broadband services. The Institute for Local Self-Reliance tracks municipal wired telecommunications networks, which range from massive citywide networks to small-town networks providing broadband to a few local businesses.

 States with laws explicitly restricting municipal broadband

Municipal broadband networks

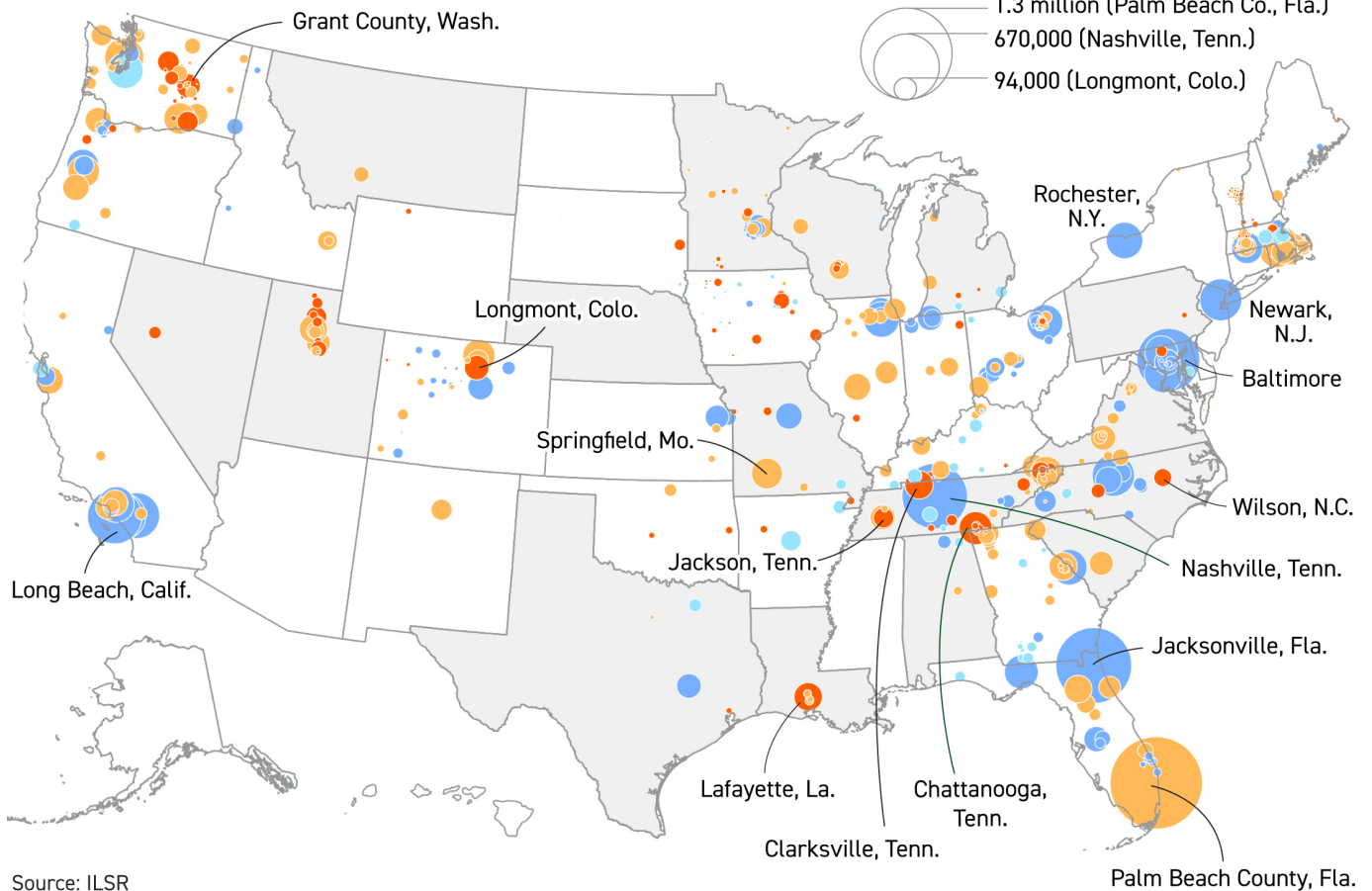
-  **FIBER OPTIC BROADBAND** - Available to nearly every home in the municipality
-  **PARTIAL** - Fiber optic broadband available in some parts of a municipality
-  **CABLE** - Often built before 2001. Each year, some cable services upgrade to fiber.
-  **DARK FIBER** - Available for lease to large companies or internet service providers

COMMUNITY POPULATION

— 1.3 million (Palm Beach Co., Fla.)

— 670,000 (Nashville, Tenn.)

— 94,000 (Longmont, Colo.)



Source: ILSR



POWER PLAYERS

- **Christopher Mitchell, head of the community broadband efforts for the Institute for Local Self-Reliance:** Mitchell has spent years advocating for municipal networks and become one of the best known voices challenging the dominance of incumbent ISPs.
- **Michael Powell, National Cable and Telecommunications Association President:** This former FCC chair has argued against the White House's efforts this year to favor municipal broadband.
- **Jessica Rosenworcel, acting FCC Chair:** During the Obama era, the FCC played a central role in spurring on municipal broadband efforts. The agency could wade back into the debate, especially once it has a Democratic majority.
- **Angelina Panettieri, head of telecom advocacy for the National League of Cities:** She has made passing legislation to knock down state barriers to municipal broadband a top priority.
- **Sen. Roger Wicker:** As the top Republican on the Senate Commerce Committee, this Mississippi senator has raised alarm bells over tilting the scales in favor of government. He ultimately voted in favor of the infrastructure deal.