



COLORADO TELECOM ASSOCIATION

FEDERAL UPDATE

February 14, 2023



CONGRESSIONAL UPDATE

Senate Balance of Power

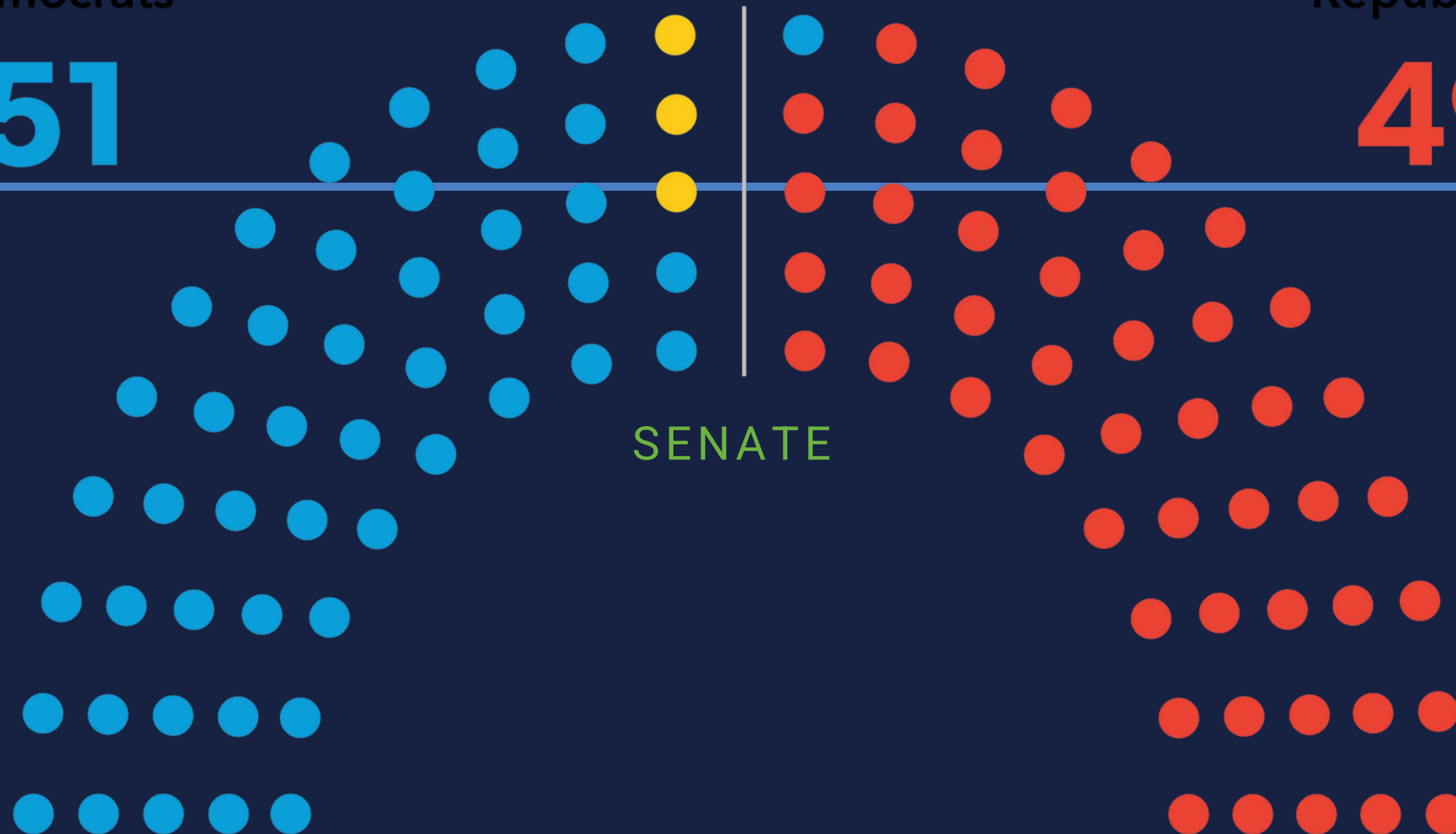
Democrats

51

Republicans

49

SENATE



CONGRESSIONAL UPDATE

House Balance of Power

Democrats

213

Republicans

222

HOUSE



WHAT TO EXPECT IN A DIVIDED CONGRESS?



**TYPICALLY VERY UNPRODUCTIVE
DEBT CEILING DEBATE**

COMMITTEE LEADERSHIP FOR THE 118TH CONGRESS

Senate Commerce, Science, and Transportation



Chairwoman Maria Cantwell (D-WA)
Ranking Member Ted Cruz (R-TX)



House Energy & Commerce



Chairwoman Cathy McMorris Rogers (R-WA)
Ranking Member Frank Pallone (D-NJ)

NOMINATION OF GIGI SOHN

- **FCC HAS BEEN AT A 2-2 DEADLOCK WHICH MEANS IT CANNOT MOVE FORWARD ON ANY REGULATORY RULEMAKING WITHOUT BIPARTISAN SUPPORT.**
- **CONTROVERSIAL NOMINEE**
- **NOMINATED LAST CONGRESS**
- **NOMINATION EXPIRED**
- **RENOMINATED THIS YEAR**
- **SHE'S BEEN OPPOSED BY THE FRATERNAL ORDER OF POLICE BECAUSE OF HER SUPPORT FOR END-TO-END ENCRYPTION AND "USER-ONLY-ACCESS."**



APPROPRIATIONS COMMITTEES FOR THE 118TH CONGRESS

Senate Appropriations Committee



Chairwoman Patty Murray (D-WA)
Ranking Member Susan Collin (R-ME)



House Appropriations Committee



Chairwoman Kay Granger (R-TX)
Ranking Member Rosa DeLauro (D-CT)



NTCA 2022 PAC PERFORMANCE



NTIA'S CONGRESSIONAL BLUEPRINT FOR THE 118TH CONGRESS

Direct the Federal Communications Commission

to ensure sustainable and affordable connectivity by implementing key Universal Service Fund (USF) enhancements currently under consideration, continuing to support the Affordable Connectivity Program and Lifeline efforts and updating the USF contribution mechanism so all that use or benefit from improved nationwide broadband access and affordability support this goal.

Ensure effective and efficient use of broadband infrastructure funding

by not taking any shortcuts in mapping, addressing concerns about coordination among programs, leveraging proven technologies and providers and relaxing strict Build American/Buy American and other procurement and wage-related provisions that do not reflect the marketplace in rural areas.

Align tax policies

with goals for broadband investment by passing the Broadband Grant Tax Treatment Act to ensure broadband infrastructure funding is not considered taxable income and sustaining favorable tax treatment for accelerated or "bonus" depreciation.

Target right-sized regulation

to where it is needed by promoting collaborative approaches to privacy and cybersecurity, removing undue burdens on smaller businesses such as the extension of Sarbanes-Oxley reporting requirements, and easing delays of a year or more in obtaining necessary permission for construction of broadband infrastructure.

NTCA PRIORITIES FOR THE 118TH CONGRESS FARM BIL REAUTHORIZATION

The Farm Bill is an omnibus, multiyear law that governs an array of agricultural and food programs. It is renewed every five years. The Farm Bill is typically a very bipartisan bill.



Chairwoman Debbie Stabenow (D-MI)
Ranking Member John Boozeman (R-AK)



Chairman GT Thompson (R-PA)
Ranking Member David Scott (D-GA)



NTCA FARM BILL PRIORITIES

ELIGIBLE AREAS

Encourage close coordination between ALL broadband network deployment programs to avoid over building. We will recommend that RUS funds should not be awarded to any provider in an area where a DIFFERENT provider is already a recipient of an RUS program, USF, or a state broadband program.

MEETING CONSUMER NEEDS

Encourage close coordination between ALL broadband network deployment programs to avoid over building. We will recommend that RUS funds should not be awarded to any provider in an area where a DIFFERENT provider is already a recipient of an RUS program, USF, or a state broadband program.

PROJECT DELAYS AFTER NOTICE OF AWARDS

NTCA would like for the Farm Bill to address permitting delays as it relates to: historical preservation, environmental reviews, and staffing shortages at relevant agencies.

We recommend that RUS allow providers to work towards seeking approval of a environmental and historical reviews “at their own risk” prior to an award with funds expended in obtaining project approvals considered a pre-application expense eligible for reimbursement.

MATCHING FUNDS

NTCA recommends that RUS waive the requirement for providers to spend matching funds in full PRIOR to drawing down any grant funds. RUS should modify ReConnect to allow an award recipient to match 25% of the amount drawn from the grant funds within each fiscal year. A comparable policy already exists within another RUS program, the Community Connect Grant Program.

NO PROVIDER PREFERENCE BASED ON CORPORATE STRUCTURE

It is imperative that providers seeking grants or other funding should not be favored based on the form of organization or commercial status. Providers should be allowed to apply to programs on equal footing as to ensure a level playing field.

NTCA PRIORITIES FOR THE 118TH CONGRESS REINTRODUCTIONS

The Broadband Grant Tax Treatment Act [REINTRODUCED 2/9/2023]

- Introduced by Sens. Warner (D-VA) & Moran (R-KS) & Reps. Panetta (D-CA)/Kelly (R-PA) H.R. 889
- This year we had 17 Senators & 4 Representatives join as original co-sponsors.
- Excludes broadband grants from gross income.

The Rural Broadband Network Investment Study Act

- Introduced by Sen. Braun (R-IN) and Rep. Mullin (R-OK)
- Directs the FCC to study the current and projected data transmission demands on rural broadband networks and the costs to rural broadband providers for transmitting data.



The Reforming Broadband Connectivity Act

- Introduced by Sens. Klobuchar (D-MN) & Thune (R-SD) & Rep. Neguse (D-CO-2)
- Reforms the USF contribution system within one year by expanding the contribution base.

RIP & REPLACE

Supporting full funding for the FCC's Secure and Trusted Communications Networks Reimbursement Program

The Permanently Preserving America's Investment in Manufacturing Act

- Introduced by Sen. Blunt and (R-MO)
- To make permanent the allowance for depreciation and amortization for determining income limitations on the tax deductions for business interest

The ACCESS Rural America Act

- Introduced by Sen. Baldwin (D-WI) & Rep. Tiffany (R-WI)
- To amend the Exchange Act to grant small, rural broadband providers an exemption from certain, unreasonable Security and Exchange Commission reporting requirements .”

The Accelerate Long-Term Investment Growth Now (ALIGN) Act

- Introduced by Sen. Toomey (R-PA) & Rep. Arrington (R-TX)
- Permanently extends bonus depreciation

PROTECTING THE UNIVERSAL SERVICE FUND

- The USF supports three programs: the Connect America Fund, Lifeline, Schools and Libraries (E-Rate), and Rural Health Care.
- In 2021, Consumer Petition filed a lawsuit claiming that the USF's funding mechanism is unconstitutional in the Sixth Circuit.
- Currently challenges to the USF program are pending in three different circuits: Fifth, Sixth and Eleventh.
- The Fifth Circuit case is the furthest along and a decision is expected this summer.
- NTCA has intervened at every step of the Fifth Circuit case.
- No other groups representing service providers have joined the cases.
- Senator John Thune and Congressman James Clyburn, lead a bipartisan Congressional amici brief explaining to the court how important the USF programs have been for so long in achieving the statutory mission of universal service.
- The FCC also has an open order on how to update the USF funding mechanism.
- We have pushed the FCC to finalize these orders.

BEAD TIMELINE

1

THE CORNERSTONE OF IJJA'S TRANSFORMATIVE VISION FOR BROADBAND EQUITY.

NTIA received \$42.45 for broadband infrastructure projects to increase access and improve affordability

2

INITIAL ALLOCATION

Despite requests from Congress for more time to update and finalize maps, NTIA plans to stick to their June 30th deadline to start distributing BEAD

3

EACH STATE RECEIVES A MINIMUM OF \$100 MILLION.

Ten percent set-aside of funds. Allocation based upon a calculation of percentage of unserved locations in high-cost areas in the state compared to those in the entire United States. NTIA will provide further information regarding its designation of high-cost areas in future guidance.

ACAM AND CAF-BLS

BUDGET CONTROL ACT

A budget control will hit in just a few months that would cut this support by several hundred million dollars. The FCC has typically granted waivers to the BCA but we need stability in the program.

BEAD PROGRAM ALLOCATION

It's essential for effective interagency coordination between the FCC and NTIA that these reforms be put into place as NTIA determines where BEAD dollars should go.

This way the BEAD \$ can be targeted elsewhere and put to use where it's needed more, while the ACAM and CAF-BLS \$ from the FCC can be used to leverage existing networks like yours.

OPEN ORDER

Reforms for ACAM and CAF-BLS have been in front of the FCC for a long time, and the proposals we've made have evolved to respond to their concerns.

The ACAM petition was filed in October 2020, and the FCC sought comment on it in March 2022.

The FCC has been struggling with the CAF-BLS budget for 2 years, granting multiple waivers and most recently flagging the need for more long-term updates. Note also that CAF-BLS service level commitments must be reset this year at higher speeds.

NTCA ACTIONS

Working with the FCC to address their concerns and submitting comments.

Encouraging friendly offices to contact the FCC directly to urge them to move on this order.



CYBERSHARE

A CYBER-THREAT INFORMATION SHARING PLATFORM FOR SMALL COMMUNICATIONS PROVIDERS TO RECEIVE AND SHARE ACTIONABLE THREAT INFORMATION.



NTCA Member Rate: \$3,000/year
Non-Member Rate: \$5,000/year

It is reported that 53% of cyberattacks are aimed at small businesses and more than half of all small businesses suffered a breach within the last year. These incidents typically cost businesses \$170,000–\$300,000. These breaches not only devastate your bottom line, but also impact the trust customers have in your brand. Today it is critical for small broadband providers to adopt strategies for fighting cyberthreats.



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