



April 26, 2022

The Honorable Zack Stephenson  
Chair, House Commerce, Finance and Policy Committee  
509 State Office Building  
St. Paul, MN 55155

The Honorable Carlie Kotyza-Witthuhn  
Vice Chair, House Commerce, Finance and Policy Committee  
567 State Office Building  
St. Paul, MN 55155

**RE: Opposition to HF 4455 – Broadband Regulation**

Dear Chair Stephenson and Vice Chair Kotyza-Witthuhn,

On behalf of CTIA<sup>®</sup>, the trade association for the wireless communications industry, I respectfully write in opposition to HF 4455 related to broadband regulation. Light-touch regulation of wireless has delivered substantial consumer benefits – growing demand for better products at lower prices, facilitated by steady investment (discussed further below). However, utility-style regulation of wireless – like HF 4455 – puts these benefits at risk. HF 4455 is both unnecessary and violates federal law and should be rejected.

HF 4455 broadly directs the Public Utilities Commission (PUC) to establish “standards for broadband service, including but not limited to...” reliability, resiliency, emergency preparedness, amongst other requirements and requires broadband providers to submit an annual report to the PUC.

First and foremost, HF 4455 is unnecessary, particularly with respect to wireless broadband. Competition has delivered innovation, investment, and massive consumer benefits to wireless consumers – and the COVID-19 pandemic underscored how well this regulatory framework performed as so many Americans shifted work, school, medical care and entertainment to their wireless devices. Rather than incentivizing further wireless deployment at a time when expanding connectivity and bridging the digital divide is paramount, HF 4455 would impose new requirements that would only delay network expansions and upgrades or shift resources to regulatory compliance.

Minnesotans have benefitted from intense wireless competition: enhanced network coverage, faster speeds, and more data—and at lower prices. This increased consumer value is all thanks to a national, light-touch regulatory framework that makes sense for an inherently mobile, competitive, and interstate service like



wireless. For nearly 30 years, wireless policy has successfully relied on competition— and not utility-style regulation like HF 4455—to unleash consumer benefits:

- **Faster Speeds:** Wireless speeds have increased 31x over the past decade.
- **More Data:** Mobile data traffic in 2020 was 108 times that of 2010 data traffic—data traffic grew at an annual rate of 60 percent.
- **Rapid 5G Rollout:** Today, wireless providers have already rolled out 5G networks covering 305 million people in just three years after the first deployment.
- **Significant Investment:** From 2010 to 2020, capital expenditures by mobile wireless providers totaled one-third of a trillion dollars (\$316B).
- **Lower Prices:** In 2010, an unlimited data, talk and text plan cost \$113.87 on average for one line. By 2019, that same plan cost \$64.95—a 43% decrease. And mobile data prices “per megabyte” fell some 98 percent, from 20 cents in 2011 to one-half of one cent by 2019. Further, the decline in wireless prices in 2017 was so significant it drove the average price for core consumer goods down across the economy for the first time since 2010.

HF 4455 puts these consumer benefits at risk by imposing new restrictions and requirements—often bearing the hallmarks of utility-style regulatory regimes—on broadband services, including wireless. A March 2022 study from Advanced Analytical Consulting Group cautions against this approach. Their findings indicate that such an approach would be a mistake, as the regulatory framework that governs electric and water utilities has led “to constrained innovation, deterred investment, aging infrastructure, and rising prices.” **According to the report, across the U.S., electricity rates rose 13% and water prices rose 63%, while wireless prices declined by 43%.**

State regulation of broadband will deter investments in broadband networks, putting Minnesota at a disadvantage relative to other states. Currently, market conditions have incited the wireless industry to invest significantly in Minnesota networks to ensure its resiliency. In Minnesota specifically, the wireless industry contributes over **\$5.7 billion** to the State’s GDP annually.<sup>1</sup>

HF 4455 would also establish standards regarding the “equitability of deployment of broadband availability to low-income areas and communities whose residents are predominantly from racial, ethnic, cultural, or linguistic communities.” It is important to highlight the Federal Communications Commission’s Affordable Connectivity Program (ACP), which provides a \$30 per month subsidy for low-income households to buy broadband service. Every kind of broadband provider is participating—the major cable companies, most telephone companies, and all the major wireless carriers. Over 10 million households have signed up nationally, and nearly two thirds of them—65%—have chosen to apply that subsidy to a mobile broadband subscription.<sup>2</sup> In Minnesota specifically, however, only approximately 110,000 consumers have signed up for

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<sup>1</sup> See [https://www.ctia.org/4g-assets/WirelessImpact\\_MN.pdf](https://www.ctia.org/4g-assets/WirelessImpact_MN.pdf), last accessed 4/21/2022.

<sup>2</sup> Universal Service Administrative Co., <https://www.usac.org/about/affordable-connectivity-program/acp-enrollment-and-claims-tracker/>, last accessed 4/21/2022.



the program as of April 18.<sup>3</sup> We would suggest that Minnesota would be better served marketing this program to eligible participants rather than creating new regulations on broadband.

### **Preempted by Federal Law**

Further, HF 4455 is unlawful. Both the FCC and the courts have recognized that the internet is an inherently interstate and international network, not amenable to state-specific regulation. The bill's broad assertion of state authority to regulate broadband internet service is inconsistent with the longstanding bipartisan consensus that such service is appropriately governed by a single federal regime rather than a patchwork quilt of the sort that applies to traditional wireline telephone service – and this is true no matter what kind of network is used to provide the broadband internet service (wired or wireless).

In closing, wireless policy has successfully relied on competition—and not utility-style regulation—to drive consumer benefits from innovative wireless services, including broadband. Applying state utility-style regulation to wireless will constrain wireless broadband innovation, deter investment, and lead to rising prices— all poor outcomes for Minnesotans.

For these reasons, we respectfully request HF 4455 be rejected.

Sincerely,

Bethanne Cooley  
Assistant Vice President  
State Legislative Affairs

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<sup>3</sup> Universal Service Administrative Co., <https://www.usac.org/about/affordable-connectivity-program/acp-enrollment-and-claims-tracker/#enrollment-by-state>, last accessed 4/21/2022.