

Task Force on Communications and Technology

Spring Task Force Summit

Pittsburgh, PA

May 6, 2016

**Task Force on Communications and Technology
Pittsburgh, Pennsylvania | May 6, 2016
2:00 PM**

- 2:00-2:10 Call to Order, introductions, Opening Remarks, and Approval of Minutes from SNPS
- 2:10-2:20 Welcome of New Members
- 2:20-2:45 Panel: Role of Satellite and Mobile in Broadband Deployment
- 2:45-3:00 Sunset Review; Model Resolution Calling on the Federal Government to Maximize Stimulus Support for Broadband Internet Adoption
- 3:00-3:25 Panel: Beyond the Set Top Box; How Innovation is Eliminating the Need for Set Top Boxes
- 3:25-3:40 New Policy Review: Resolution to Oppose FCC Action to Undermine the Video Ecosystem
- 3:40-3:55 Encryption Update
- 3:55-4:10 New Policy Review: Model Resolution in Support of Nondiscriminatory Property Tax Policies
- 4:10-4:30 Focus on the States
- 4:30-5:00 CAT Task Force Round Table – Planning for 2016

**Task Force on Communications and Technology
Broadband, Innovation and Information Technology Subcommittee
Pittsburgh, Pennsylvania | May 6, 2016
8:45AM**

8:45-8:50 Call to Order and Introductions

8:50-9:10 Opening the Set Top Box to Competition or Mandating Outdated Technology? A Primer on the FCC's Proposed Rule

9:10-9:25 Model Policy Review: Resolution Calling on the Federal Government to Maximize Stimulus Support for Broadband Internet Adoption

9:25-9:40 New Model Policy Review: Resolution to Oppose FCC Action to Undermine the Video Ecosystem

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**Task Force on Communications and Technology
Consumer Protection, Critical Infrastructure and Security Technologies Subcommittee
Pittsburgh, Pennsylvania | May 6, 2016
9:45AM**

CPCIST

9:45-9:50 Call to Order and Introductions

9:50-10:30 Digital Credentials. What Are They and Why Must States Adopt This Technology?

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Resolution Calling on the Federal Government to Maximize Its Stimulus Support for Broadband Internet Adoption and Use Programs

WHEREAS, among the approximately 92 percent of American households that have access to broadband Internet services, only about 61 percent of U.S. households subscribe^[1] *and*

WHEREAS, research shows that a “lack of interest” in broadband is one of the main reasons certain populations do not seek out broadband services^[2]; *and*

WHEREAS, research also shows that many non-broadband households view broadband as being either irrelevant or difficult to use,^[3] and nearly half of the population that does not subscribe to broadband says it does not need such a connection^[4]; *and*

WHEREAS, Americans that do not have broadband at home are disproportionately lower-income and older than average and fewer than one-quarter of such Americans have broadband at home^[5]; *and*

WHEREAS, **American Legislative Exchange Council** believes that widespread efforts to promote broadband adoption, use, and digital literacy are critical to improving the nation’s long-term competitiveness in a global market, and to achieving certain socioeconomic improvements in the quality of American life; *and*

WHEREAS, expanding adoption, use and digital literacy skills will allow a greater number of Americans to fully take advantage of the benefits of broadband based applications such as tele-health, energy management and education opportunities online; *and*

WHEREAS, the broadband funding programs established in the American Recovery and Reinvestment Act (ARRA) dedicate significant resources to promoting broadband awareness, adoption, use, and digital literacy by these populations; *shall it*

THEREFORE BE IT RESOLVED, that the **American Legislative Exchange Council** calls upon the federal agencies distributing the broadband funding included in the ARRA to expressly mandate that broadband awareness, adoption, use, and digital literacy programs receive funding priority;

BE IT FURTHER RESOLVED, that the **American Legislative Exchange Council** calls upon the federal agencies implementing the broadband funding included in the ARRA to follow Congress’ clear legislative intent with respect to broadband adoption, use, and digital literacy treat the mandated minimum expenditure of \$250 million for these purposes as a threshold level with a maximum limited only by the size of the broadband stimulus program itself.

BE IT FURTHER RESOLVED, that this resolution be forwarded to members of Congress, the Administration, and the relevant federal agencies implementing the broadband funding programs including but not limited to the National Telecommunications and Information Administration and the Rural Utilities Service.

BE IT FURTHER RESOLVED, that the **American Legislative Exchange Council** calls upon all levels of governments to work cooperatively with the private sector, nonprofits, and academia to develop robust broadband awareness, adoption, and use programs.

Approved by ALEC Board of Directors on August 27, 2009.

[1] Current Population Survey (October 2007), U.S. Census Bureau; See Leslie Cauley, Internet use triples in decade; broadband surges, USA Today, June 4, 2009.

[2] John B. Horrigan, *Obama's Online Opportunities II: If You Build It, Will They Log On?* at 2 (Pew) (2009).

[3] Horrigan, at iii, 12.

[4] *Consumer Insights to America's Broadband Challenge* at 2, Connected Nation (Oct. 13, 2008).

[5] Horrigan, at iii, 12.

AMERICAN LEGISLATIVE EXCHANGE COUNCIL

RESOLUTION IN SUPPORT OF NONDISCRIMINATORY PROPERTY TAX POLICIES

Whereas, American consumers have come to rely on high speed communications networks constructed by communications providers to improve their overall quality of life including in the areas of healthcare, education, business, emergency services, and other purposes; and

Whereas, communications providers must make sizeable investments to keep pace with consumer demand for better coverage and higher bandwidth; and

Whereas, a 2006 study by Ernst & Young shows that state property tax policies result in communications companies facing disproportionately higher property tax burdens than other businesses because of their legacy treatment as a regulated public utility in some states; and

Whereas, the payment of discriminatory property taxes by communications companies that would otherwise be spent on network investment diverts money to taxes and lessens the effectiveness and reach of critical infrastructure deployment; and

Whereas, studies show the private sector investment in communications infrastructure results in important economic benefits to states; and

Whereas, property taxes are typically imposed on the “fair market value” of property by looking at the price an informed, willing buyer would pay a willing seller but some states deviate from this principle by (1) assessing landline telecommunications providers on the value of their intangible assets, (2) applying assessment ratios that result in taxation of a higher percentage of fair market value compared to other general businesses, and (3) defining the personal property of telecommunications providers as “real property” so that it is taxable in states that do not tax personal property; and

Whereas, new communications network investment generated by lower property taxes will generate additional tax revenues to offset some of the revenue reduction from eliminating the discriminatory treatment of communications providers; and

Whereas, recent reforms in some states have excluded the value of intangible property acquired on a going-forward basis or eliminated the taxation of intangible property for all taxpayers, including telecommunications companies; and

Whereas, the American Legislative Exchange Council supports the policy of eliminating discrimination in the administration of property taxes on communications companies across all states, including rural and underserved areas, and encourages states to modernize their antiquated property tax systems; and

NOW THEREFORE BE IT RESOLVED, that the American Legislative Exchange Council recommends that states who wish to encourage investment in critical communications networks consider either exempting the value of intangible property acquired on a going-forward basis or eliminate the taxation of all intangible property for all taxpayers.

Resolution Opposing Government Efforts to Impose a Set-Top Box Mandate and Undermine the Video Ecosystem

WHEREAS, consumers are benefiting from an explosion of video content and ways to consume that content as never before; and,

WHEREAS, the current video environment and ecosystem are often referred to as The Golden Age of Television; and,

WHEREAS, Multichannel Video Programming Distributors (MVPDS) distribute content in a variety of ways, including traditionally, the use of a set-top box that provides a host of security and regulatory features; and,

WHEREAS, the traditional set-top box is quickly giving way to an app based environment that is sometimes a substitute for and sometimes a complement to set-top box based systems; and,

WHEREAS, there have been over 56 million MVPD app downloads to iOS and Android devices, and MVPD apps are now available on more than 460 million retail devices – more than twice the number of set-top boxes currently in use; and,

WHEREAS, apps allow mobility content availability as never before; and,

WHEREAS, the current video ecosystem, both with respect to set-top box and app based content delivery, incorporates numerous licensing, regulatory and copyright rights, obligations and restrictions; and,

WHEREAS, the current video ecosystem benefits rightsholders and content creators including independent and diverse programmers since MVPDs must negotiate for the right to distribute content and compensate the rightsholders; and,

WHEREAS, the current video ecosystem protects the privacy of users; and,

WHEREAS, the FCC recently issued a Notice of Proposed Rulemaking that would require MVPDs to, among other requirements, transmit the content without compensation to third parties in an effort to “create a competitive set-top box market”; and,

WHEREAS, the FCC’s new set-top box mandate would impose new costs on consumers as MVPDs are needlessly required to re-architect their networks and consumers are required to use a second device; and,

WHEREAS, the FCC new set-top box mandate would undermine the current copyright and licensing regimes and the rights of content creators, creating a windfall for certain BigTech companies that have chosen not to negotiate for the right to distribute content; and,

WHEREAS, the FCC’s new set-top box mandate would undermine consumer privacy as Title VI privacy protections would not apply to third parties and third party devices, including certain BigTech companies with a very poor privacy track record; and,

WHEREAS, the FCC’s new set-top box mandate would create new opportunities for piracy and theft of content as the security protections built into today’s devices and apps would not be enforceable on new third-party devices; and,

WHEREAS, over 100 members of Congress from both sides of the aisle have written to the FCC opposing the set-top box mandate;

NOW, THEREFORE LET IT BE RESOLVED, that the American Legislative Exchange Council recognizes the well-functioning video ecosystem; and,

BE IT FURTHER RESOLVED, that the American Legislative Exchange Council recognizes the importance of the existing copyright and licensing regimes, the protection of consumer privacy and opposes government mandates; and,

BE IT FURTHER RESOLVED, that this resolution be forwarded to Members of Congress, the Administration, and the Federal Communications Commission in opposition to its proposed set-top box mandate rules.