

Science and Technology Committee Recommendations

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What we are working on now into the future to improve broadband:

- Century Link accepted Connect America Funds (CAF II)
- Century Link CAF II in New Mexico will be 11 million a year for the next 6 years
- 25,000 new locations
- 40% complete by the end of 2017

Recommendations for improving broadband investment in NM/BROADBAND TOOLBOX:

Modernization of the State's Telecommunications Act

- The NM Telecommunication Act was passed in 1985 when Toney Anaya was Governor.
- Technology has changed significantly since then and the law has not kept up.
- This dated regulatory environment is diverting capital into a dying technology, plain old telephone service (POTS) when those dollars could be invested in broadband deployment.
- By the end of 2014, 32 states had reduced or modernized POTS telecommunications regulation. Including Colorado.
- In 2012 wireless usage surpassed wireline usage in New Mexico.
- Colorado-Recently modernized their telecom act with a common sense approach-more oversight where there is a solo provider or government dollars are being used to fund a network. But in areas where effective competition is proven, regulation is far less.
- **Modernization has already been agreed to by providers, stake holders and supported by the PRC.**
- **Consumer Protections, pricing Controls, Service Quality, and PRC oversight would still exist in a modernization bill.**
- Lessening the regulatory overhang and modernizing a law that is out of date with current technology would help foster private sector investment in HSI, clearing the way for investment in the modern products consumers want, instead of a dying technology. It will also serve to INCREASE competition, which is good for consumers. Modernizing the regulations will allow companies to more vigorously compete for customers – which means more options, more services and most important: more capital investment in broadband.

Broadband Gross Receipts Tax Deduction:

- Broadband deduction-although maybe not timely due to the current state of the budget. But I think the argument could be made that dollars created by a more robust broadband infrastructure would more than cover an initial lost and would create economic vitality generating offsetting revenues for years to come.
- Enacting A gross receipts deduction can help bridge the final rural divide in the state of New Mexico The broadband deduction legislation was technology neutral and provider neutral, including independent and small rural providers, and, as a result, would help extend broadband throughout the state as quickly as possible.

- Specifically, a gross receipts tax deduction will allow broadband construction budgets to go further and allow New Mexico to reach more households with Internet access at higher broadband speeds.
- The New Mexico gross receipts tax applies to Internet access. Therefore, an additional benefit is that this proposal will generate additional gross receipts tax from the increased and/or expanded Internet access usage.

Conversion of the State's USF to a Broadband fund

- Provider neutral
- Legislative oversight for project approval and application process
- Speed requirements (10-1)
- To be used in rural and underserved areas.
- A good model-The Colorado law sets population maximums so that the funds help reach the rural and costly parts of the state.
- Also regulates where state or federal funding is received.
- Fund would be matching on some level. In Colorado it is 75% state and 25% private.
- Must be done legislatively by amending the Rural Telecommunications Act

Pass Public Private Partnership Legislation

- Reduce costs of construction
- Government can install conduit at new road construction sites reducing the build out costs significantly

New Mexico is 4th to last in the country for broadband speed. This is an absolutely critical point. We all are aware speed and accessibility are important to education, medicine and economic vitality. A recent study conducted by the state of Utah in 2015 shows a direct correlation between speed and job creation. Colorado and Utah rank at the top of the country where there has been increased job creation tracking with increased broadband investment.