



## **Testimony in Opposition to LD 1456: “An Act to Facilitate the Expansion of Broadband”**

Senator Lawrence, Representative Zeigler, and the distinguished members of the Committee on Energy, Utilities and Technology, my name is Nick Murray and I serve as director of policy for Maine Policy Institute. We are a free market think tank, a nonpartisan, non-profit organization that advocates for individual liberty and economic freedom in Maine. Thank you for the opportunity to testify on LD 1456.

This bill is proposed to support so-called “community broadband” projects. For the uninitiated, this means internet providers owned and funded solely by the government. Only sometimes (not often) are these government-owned networks (GONs) building new service connections to those who currently do not have adequate access to the internet. They are more likely to overbuild wasteful and duplicative systems which are wasteful at best, and distort the market for everyone else at worst.

Of course, the Mills administration and Maine Connectivity Authority (MCA) have been constantly moving the goalposts for which households are considered “served” or “unserved” in order to use the massive infusion of funds from the federal government in the way they see fit.<sup>1</sup>

Unfortunately for consumers, these players almost always incentivize and push for local governments to use funds to build, maintain, and operate their own internet service provider (ISP). Even where residents are served by numerous companies offering internet connections with speeds determined by the Federal Communications Commission (FCC) as adequate, MCA often steamrolls past these legacy providers to promote historically the most wasteful and ineffective schemes for delivering internet service to those who want it: government-owned networks.

Nearly wherever they are tried around the nation, GONs let down local taxpayers and the internet consumers they purport to help. Duplication of services often leads to costly inefficiencies and less private-sector investment. Plus, municipalities rarely account for future maintenance costs as a result of establishing a GON. Considering many publicly-owned local networks require substantial bonding to get off the ground, the economics of GONs do not allow for local taxpayer confidence that their investment will be recouped in any reasonable timeframe.

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<sup>1</sup> [Maine set to waste buckets of federal cash on broadband infrastructure](#) | MainePolicy.org

Using data over a five-year period, a 2017 University of Pennsylvania Law School study of 20 GONs around the United States found that only two were on track to recover their total costs over the course of their useful life expectancy, between 30 and 40 years. Eleven did not bring in enough money to cover current operating costs, and five of the nine cash-flow positive projects were projected to take over 100 years to recover their costs.<sup>2</sup>

Broadband markets are no different in Maine. Customers will not be able to afford the higher costs, both for their service, and from their municipality's misguided bonding for a wasteful and duplicative GON.

Please deem LD 1456 "Ought Not To Pass" and instead get the government out of the way of worthwhile private investment in broadband service, like what Charter/Spectrum announced just this month.<sup>3</sup> Thank you for your time and consideration.

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<sup>2</sup> [New Penn research assesses financial viability of municipal fiber networks](#) | Penn Law

<sup>3</sup> [Spectrum's big investment in Maine underscores the power of private markets](#) | MainePolicy.org