



Mr. Chair, members of the committee, my name is Kev Hamm, that's H A M M and I'm the Chief Marketing Officer of Treasure State Internet, a new Internet Service Provider, based here in Helena, and looking to expand statewide as soon as we can.

The Benefits corp bill has engendered some rather odd thoughts about what it actually does. The biggest confusion rests in the difference between being a Benefit corp and merely giving to charities and community orgs.

Corporate giving is just that, a gift, and done only when the impact of the gift to the bottom line is offset by the goodwill created that will, in turn, create more revenue because goodwill is a great piece of marketing.

All corporations can give gifts. S-corps, C-corps, LLCs, PLLCs, all can give gifts - provided they have the resources to do it. And in the case of publicly held companies, the resources used must not materially impact the bottom line.

Gifts are great. But they aren't what this bill is about. Please don't confuse the ability to give a gift with the corporate structure of having a chosen benefit that takes priority over simple profiteering.

Benefits corps are still C-corps or S-corps as far as the department of revenue and the IRS are concerned. Nothing changes there, at all. The tax implications are effectively zero, although the fact that benefits corps engender goodwill by doing right by the communities they are in tends to make them more profitable anyway, the overall impact is nil.

What being a benefit corp does is gives the business a higher priority than just making money for the shareholders. And the shareholders, because they know of this status in advance, are choosing to invest in the b-corp because they, too, believe in the goal more than they believe in just making money.

For my company, Treasure State Internet, our goal is to connect the fastest internet access to every home and office in the state of Montana. And the only way we can accomplish that goal is by becoming a b-corp.

Many of you are wondering how that's connected, and it's really quite easy. You see, Charter and CenturyLink and AT&T and Verizon and every other publicly traded cable company and telco have to do their service expansion plans and include their ROI. These companies have massive teams that forecast service needs and revenue, and that calculation determines if something gets service. Let me repeat that - service to your home is not determined by your need for it, but by the businesses return on investment calculations, which, as Wall Street sees nothing beyond the current quarter, could easily mean that you will never get service from a traditional cable company or telco.

Yes, there are programs at the federal level that can affect those calculations, and the rural access grants do great work, but only once. And that's the other part of the problem. If almost any access exists in an area, there's no guarantee that sending higher speed access to that area would generate higher revenue, so because making more money for shareholders is currently the one and only legitimate concern, the telcos and cable companies are, in fact, unable to upgrade their service to Montana. Yes, because our current laws and legal precedent, profit is everything, and anything that impacts it negatively is not allowed. So once they build it, it stays and stagnates. That's why the U.S. was 5 years behind the rest of the world in getting to the 3G cellular standards - we



already had cell towers, which are not cheap, and reworking them is even more expensive. But the calculus had to wait for five years to pass us by before the cost of keeping the old was more than investing in the new, which was when those businesses could make the change. Legally, they were stuck.

But when it's your corporate structure that says "we will provide the fastest internet to every home and office in Montana" then we have the ability, in fact, the responsibility, to take our equipment and start trenching to every part of Montana. For those of you on this committee that live in Missoula, Bozeman, Billings and Great Falls, you have access to decent service, and even then, we're woefully below the speeds offered in most first-world nations.

But what about Wilsall? And Libby? Havre? Thompson Falls? I'm pretty sure you all have access to something that was once classified as "broadband" or "high-speed internet" but from what I could find in a quick search, it's mostly DSL, a few smaller cable companies. No fiber. Spotty service, and some areas of Montana only get internet if they can see the satellites of HughesNet and the other satellite providers - the speeds of which are abysmal.

People want Netflix just as much as they need access to telemedicine, online universities and communities, and fast, accurate connections to support systems from all over the world. Becoming a benefit corps means that we, at TSI, can and will lay a fiber to connection Scobey, Two Dot, Radersburg, Winnett, Wolf Point, Glasgow, and to all the little towns, villages, farmhouses, lake homes, and even the cities that dot our fair state, giving the world's best internet to all Montanans because it's the benefit we choose. And being a benefit corp means that, if technological advances in the next decade mean that fiber is no longer the fastest connection, we can switch to using whatever has replaced fiber, without having to wait on it to be profitable right away.



We'll still be profitable. We'll still pay taxes. We'll just be able to invest in our infrastructure in ways that Wall Street would frown upon. Becoming a b-corp gives us the ability to really look at the long-term, have a goal that benefits society, and gives Montana another option to lead the rest of the U.S.— by directly re-investing in our infrastructure and communities to make sure that the access we provide remains the fastest available in the world. We will upgrade our routers and switches and backbone to make sure that Montana will lead in digital connectivity, because it's the only way we can compete with the rest of the country, and the rest of the world.

I thank all of you on this committee for your time, and I urge you to give a do-pass on this bill. It makes a massive difference for us, directly, and will allow us to make a massive difference for all Montanans, too. If you have any questions for me, I'm more than happy to answer them. Thank you.

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