



Member Issues: Broadband

In the Beginning ...

Economic Affairs Interim Committee member Jason Ellsworth asked if the committee could look at broadband issues, specifically incentives such as those offered in his [SB 239](#) in the 2019 session. That bill passed both houses but was vetoed, apparently out of budgetary concerns.

In the Interim ...

Broadband providers at the January 2020 EAIC meeting reviewed services in Montana and their perspectives of incentives, in particular in terms of SB 239. The Department of Revenue also provided a fiscal note [review](#) for SB 239, which used an example of Blackfoot Telephone Cooperative getting a \$225,375 tax abatement for each of five years; SB 239 required savings to be put into Montana-based telecom infrastructure.

Economic Affairs Committee's Focus on Broadband	
January	June-July
*Provider presentations	*Letter to Governor on using CARES Act funds for broadband
*Review of 2019 SB 239 Fiscal note	*Information on Montana Library System broadband study
*Overview of other state actions on broadband	

Also at the January 2020 meeting, CableVision provided [information](#) showing that 100% of Montana households had access to some form of satellite or land wireless/wired technology. Access to land-based wireless or wired, only, left 14.6% households uncovered. Cable broadband access was just 56.37% of households, according to a December 2018 survey. But access and cost are separate factors. Satellite may provide near universal access, but not everyone can afford that. Speed is another concern. While gigabit downloads are available in some Montana areas for a price, data indicates most communities get less than 50-megabits-per-second download. (See a June/July staff [briefing paper](#) for selected city access and speed data.)

Actions by the EAIC on broadband during the 2019-2020 interim included:

- Voting to introduce as a committee bill a [version](#) of SB 239 from the 2019 session that would include a revised reporting method;
- Hearing from various broadband or cable providers about services in Montana, with questions asked as to what incentives most help;
- Receiving information on what [other states](#) have done related to broadband plus an [overview](#) from a representative of the National Conference of State Legislatures on other state legislative actions;
- Receiving a [report](#) from the Montana Library System on broadband availability in state libraries, sites used by those without personal access;
- Receiving information on study [options](#) from staff, which included data from a broadband-in-the-schools grant program, and an [overview](#) picture from the Montana Telecommunications Association;
- Sending letters to:
 - the Department of Agriculture Rural Development office for Montana grant applicants to use as [legislative support](#) for broadband;
 - Governor Bullock in [July](#) requesting money made available as part of the Coronavirus Aid, Relief, and Economic Security Act be used to help areas of Montana in need of better broadband.

The committee also received information on the Federal Communications Commission guidelines for [download speeds](#) (for example, video streaming for high definition video requires 5-8 Megabits per second download but video-teleconferencing requires 6 Megabits per second download).

Providers at the January meeting represented:

- Charter/Spectrum, which was asked to provide a [map](#) of its service area and list of [locations](#).
- [CenturyLink](#)
- [T-Mobile](#) In response to a question, the T-Mobile representative commented that his firm did not own fiber for broadband but partnered with providers, like Blackfoot Communications and CenturyLink, for broadband fiber and would benefit if incentives went to fiber providers.
- Blackfoot Communications
- 3Rivers Communications
- Treasure State Internet & Telegraph

Triangle Communications sent a [response](#) to questions asked of the providers. Verizon Wireless and AT&T chose not to attend. Rep. Katie Sullivan asked providers if they could point to incentives used by other states that were helpful in expanding broadband access in those states. The information was not forthcoming as to what state incentives worked, although some providers (not all) noted that they benefited from the federal money available through the FCC and USDA (see box).

Questions asked of providers included whether they benefited from the federal funds available for broadband expansion?

- Charter/Spectrum said no.
- T-Mobile's state government affairs office responded by email June 29, 2020, saying the combined T-Mobile/Sprint company participated in some Lifeline services, which receive federal assistance under universal service funds. The email said T-Mobile also received 2011 Mobility Funds from the Federal Communications Commission and universal service funds for networks in high-cost, rural areas prior to 2011 reforms.

Staff also researched what barriers, if any, exist to using highway rights of way for broadband fiber or cable. Montana laws call a telecommunications company regulated by the Public Service Commission a "public utility," which allows installation of fiber within the state's rights of way. A side benefit gives shared relocation costs 75 (state)/25 (utility) if a utility line must be relocated because of a state highway project. No permit or installation fee is required, but the Department of Transportation may deny access if the right of way is full or the fiber/cable is for private use. Interstate highway rights of way remain problematic at the state level.

In the End ...

The adopted committee bill, LC0062, revises reporting from what was originally proposed under SB 239 in the hope of lowering some projected costs.

~\$120 million/year

The federal funds received in Montana by telecommunications carriers. About \$15 million goes to CenturyLink and \$2 million to Frontier (Zipfly) - with about \$100 million going to smaller telecommunications firms, not all rural but all represented by the Montana Telecommunications Association.

Where is it spent?

No reporting requirements in state law. Unknown how much is profit, how much is infrastructure, or details on where the money goes.

CenturyLink and Frontier data, sent to a federally approved nonprofit [database](#), have shown individual houses have benefited rather than neighborhoods.

The State's Role

The Public Service Commission certifies eligible telecommunications carriers, like CenturyLink and Frontier (Zipfly) under 69-3-840, MCA. See [memo](#).