

Calendar No. 613

115TH CONGRESS }
2d Session }

SENATE

{ REPORT
115-341 }

MEASURING THE ECONOMIC IMPACT OF
BROADBAND ACT OF 2017

R E P O R T

OF THE

COMMITTEE ON COMMERCE, SCIENCE, AND
TRANSPORTATION

ON

S. 645



OCTOBER 2 (legislative day, SEPTEMBER 28), 2018.—Ordered to be printed

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SENATE COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

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SECOND SESSION

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Mr. THUNE, from the Committee on Commerce, Science, and
Transportation, submitted the following

R E P O R T

[To accompany S. 645]

[Including cost estimate of the Congressional Budget Office]

The Committee on Commerce, Science, and Transportation, to which was referred the bill (S. 645) to require the Secretary of Commerce to conduct an assessment and analysis of the effects of broadband deployment and adoption on the economy of the United States, and for other purposes, having considered the same, reports favorably thereon with an amendment (in the nature of a substitute) and recommends that the bill (as amended) do pass.

PURPOSE OF THE BILL

S. 645 would require the Secretary of Commerce to conduct a biennial assessment and analysis of the effects of broadband deployment and adoption on the economy of the United States.

BACKGROUND AND NEEDS

Both the private and public sectors make significant investments in broadband deployment. According to private sector estimates, capital expenditures by broadband providers on their networks have exceeded \$1.6 trillion since 1996.¹ The Federal Government has invested billions in broadband deployment through various programs, including the Federal Communications Commission's Universal Service programs, the Department of Agriculture's Rural

¹USTelecom Industry Metrics and Trends 2018, Patrick Brogan, March 1, 2018 (https://www.ustelecom.org/sites/default/files/USTelecom_Industry_Metric%20and_Trends_2018.pdf).

Utilities Service, and the Department of Commerce's Broadband Technology Opportunities Program. And States and localities have made investments in broadband buildout. Although more than 98 percent of the population of the country has access to either fixed terrestrial service at 25 Mbps/3 Mbps or mobile LTE at 10 Mbps/3 Mbps,² the Federal Communications Commission continues to report each year that there are millions of Americans who lack access to high-quality, high-speed Internet service.

Few would dispute that this investment in broadband deployment has spurred massive economic growth in the United States over the last two decades. According to one private sector analysis, broadband and broadband-related industry sectors contribute more than \$1 trillion annually to the U.S. economy and support an estimated 10 million American jobs.³ But as of June 28, 2017, the Federal Government has not prepared on a regular basis an official analysis of the economic impact of broadband and the larger digital economy on the American economy. Rigorous, regular analysis can inform Government subsidy and support programs at various levels, including Federal programs (which support broadband deployment via the Universal Service fund, the Rural Utilities Service, tax credits and rebates, community development programs, and grant programs like those in the American Recovery and Reinvestment Act), State programs (which support broadband deployment via State universal service programs, grant programs, loan and loan guarantees, tax policy, and others), and numerous local initiatives. Such a study also would contribute to an understanding of how broadband contributes to the economic health of the Nation. The Department of Commerce has proposed that the Government engage in more rigorous analysis of the socioeconomic impacts of broadband as part of its National Broadband Research Agenda.⁴

LEGISLATIVE HISTORY

S. 645 was introduced on March 15, 2017, by Senator Klobuchar (for herself and Senators Capito, King, Heitkamp, Boozman, Franken, and Sullivan) and was referred to the Committee on Commerce, Science, and Transportation of the Senate. Senator Cortez Masto is also a cosponsor of the bill. On June 27, 2018, the Committee met in open Executive Session and by voice vote ordered S. 645 to be reported favorably with an amendment (in the nature of a substitute).

On February 26, 2018, similar legislation to S. 645, H.R. 5093, was introduced in the House of Representatives by Representative Ro Khanna (for himself and Representatives Brian K. Fitzpatrick, Anna G. Eshoo, and Ryan A. Costello). On March 2, 2018, that bill was referred to the Subcommittee on Communications and Technology of the Committee on Energy and Commerce of the House of Representatives.

²2018 Broadband Deployment Report (<https://docs.fcc.gov/public/attachments/FCC-18-10A1.pdf>).

³Broadband Industry Stats, USTelecom (<https://www.ustelecom.org/broadband-industry/broadband-industry-stats>).

⁴National Telecommunications and Information Administration and the National Science Foundation, The National Broadband Research Agenda: Key Priorities for Broadband Research and Data (January 2017) (<https://www.ntia.doc.gov/files/ntia/publications/nationalbroadbandresearchagenda-jan2017.pdf>).

ESTIMATED COSTS

In accordance with paragraph 11(a) of rule XXVI of the Standing Rules of the Senate and section 403 of the Congressional Budget Act of 1974, the Committee provides the following cost estimate, prepared by the Congressional Budget Office:

S. 645—Measuring the Economic Impact of Broadband Act of 2018

S. 645 would direct the Department of Commerce (DOC) to assess and analyze the contributions of the digital economy to the economy of the United States and produce a report every two years. The analysis would include the effect of digital-enabling infrastructure, broadband, e-commerce, and digital media.

Using information from the Bureau of Economic Analysis (BEA) and the National Telecommunications and Information Administration, CBO estimates that implementing S. 645 would cost \$2 million over the 2019–2023 period for the BEA to coordinate with several federal agencies and produce the required analysis and reports; such spending would be subject to the availability of appropriated funds.

Enacting S. 645 would not affect direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

CBO estimates that enacting S. 645 would not increase net direct spending or on-budget deficits in any of the four consecutive 10-year periods beginning in 2029.

S. 645 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act.

The CBO staff contact for this estimate is Stephen Rabent. The estimate was reviewed by H. Samuel Papenfuss, Deputy Assistant Director for Budget Analysis.

REGULATORY IMPACT STATEMENT

In accordance with paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the Committee provides the following evaluation of the regulatory impact of the legislation, as reported:

NUMBER OF PERSONS COVERED

The bill does not authorize any new regulations and will not subject any individuals or businesses to new regulations.

ECONOMIC IMPACT

S. 645, as reported, is not expected to have a negative impact on the Nation's economy.

PRIVACY

S. 645, as reported, is not expected to have an adverse impact on the personal privacy of individuals.

PAPERWORK

The legislation would not increase paperwork requirements for private individuals or businesses. It would direct the Secretary of Commerce to biennially assess and report to Congress on the contribution of the digital economy to the United States.

CONGRESSIONALLY DIRECTED SPENDING

In compliance with paragraph 4(b) of rule XLIV of the Standing Rules of the Senate, the Committee provides that no provisions contained in the bill, as reported, meet the definition of congressionally directed spending items under the rule.

SECTION-BY-SECTION ANALYSIS

Section 1. Short title

This section would provide that the bill may be cited as the “Measuring the Economic Impact of Broadband Act of 2018.”

Section 2. Assessment and analysis regarding the effect of the digital economy on the economy of the United States

Subsection (a) of this section would set out definitions used in the section, including defining the appropriate committees of Congress who would receive the report produced under this section. It would define broadband as “an Internet Protocol-based transmission service that enable users to send and receive voice, video, data, or graphics, or a combination of those items.” Finally, it would direct the Secretary of Commerce to define the term “digital economy” for purposes of the section, and would direct the Secretary to consider specific issues when establishing that definition.

Subsection (b) of this section would require that, not later than 2 years after the date of enactment of the Act, and biennially thereafter, the Secretary of Commerce, in consultation with the Director of the Bureau of Economic Analysis of the Department of Commerce and the Assistant Secretary of Commerce for Communications and Information, conduct an assessment and analysis regarding the contribution of the digital economy to the economy of the United States. In conducting that study, the Secretary would be required to consider the impact of the following: (1) the deployment and adoption of digital-enabling infrastructure and broadband; (2) e-commerce and platform-enabled peer-to-peer commerce; and (3) the production and consumption of digital media, including free media.

As part of the study, the Secretary also would be required to consult with the heads of any agencies and offices of the Federal Government as the Secretary considers appropriate, including the Secretary of Agriculture, the Commissioner of the Bureau of Labor Statistics, the Administrator of the Small Business Administration, and the Federal Communications Commission. In addition, the Secretary would be required to consult with the following: representatives of the business community, including rural and urban Internet service providers and telecommunications infrastructure providers; representatives from State, local, and tribal government agencies; and representatives from consumer and community organizations.

Finally, the section would require the Secretary to submit to the appropriate committees of Congress a report regarding the Secretary’s findings with respects to each assessment and analysis conducted pursuant to this Act.

CHANGES IN EXISTING LAW

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, the Committee states that the bill as reported would make no change to existing law.

