

116TH CONGRESS }
1st Session }

SENATE

{ REPORT
116-186

MEASURING THE ECONOMIC IMPACT OF
BROADBAND ACT OF 2019

R E P O R T

OF THE

COMMITTEE ON COMMERCE, SCIENCE, AND
TRANSPORTATION

OF THE

UNITED STATES SENATE



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SENATE COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

ONE HUNDRED SIXTEENTH CONGRESS

FIRST SESSION

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

R E P O R T

[Including cost estimate of the Congressional Budget Office]

The Committee on Commerce, Science, and Transportation, to which was referred the bill (S. 1289) 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, ordered to be reported favorably thereon without amendment and recommended that the bill do pass. The bill was discharged and passed without amendment in the Senate by unanimous consent.

PURPOSE OF THE BILL

The purpose of S. 1289, the Measuring the Economic Impact of Broadband Act of 2019, is to 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 (FCC) Universal Service programs, the Department of Agriculture's Rural Utilities Service (RUS), and the Department of Commerce's

¹ USTelecom Industry Metrics and Trends 2018, Patrick Brogan, March 1, 2018 (revised October 18, 2018) (<https://www.ustelecom.org/wp-content/uploads/2018/12/USTelecom-Industry-Metrics-and-Trends-2018.pdf>).

Broadband Technology Opportunities Program. States and localities have also 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 megabits per second (Mbps) upload speeds and 3 Mbps download speeds or mobile long-term evolution (LTE) with median speed of 10 Mbps/3 Mbps,² the FCC 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 2 decades. According to one private sector analysis, the broadband industry invests more than \$70 billion annually and supports an estimated 10 million American jobs.³ The Department of Commerce has proposed that the Federal Government engage in more rigorous analysis of the economic impact of broadband as part of its National Broadband Research Agenda.⁴

However, 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 broadband policies at various levels, including the Universal Service Fund and RUS programs; Federal tax credits and rebates; Federal community development programs; Federal 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, and others); and numerous local initiatives.

SUMMARY OF PROVISIONS

If enacted, S. 1289 would do the following:

- Require the Secretary of Commerce, the Director of the Bureau of Economic Analysis, and the Administrator of the National Telecommunications and Information Administration, to conduct an assessment and analysis of the contribution of the digital economy to the economy of the United States.
- Require the Secretary of Commerce, the Director of the Bureau of Economic Analysis, and the Administrator of the National Telecommunications and Information Administration to submit a report regarding the study's findings to the appropriate committees of Congress.

LEGISLATIVE HISTORY

S. 1289 was introduced on May 2, 2019, by Senator Klobuchar (for herself and Senators Boozman, Capito, Cortez Masto, King, and Sullivan) and was referred to the Committee on Commerce, Science, and Transportation of the Senate. On May 15, 2019, the Committee met in open Executive Session and, by voice vote, or-

² Inquiry Concerning Deployment of Advanced Telecommunications Capability to All Americans in a Reasonable and Timely Fashion, 2019 Broadband Deployment Report, GN Docket No. 18-238, FCC 19-44 (2019) (<https://docs.fcc.gov/public/attachments/FCC-19-44A1.pdf>) at 20.

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

⁴ National Telecommunications and Information Administration and the National Science Foundation, The National Broadband Research Agenda: Key Priorities for Broadband Research and Data (January 2017), at I.L.D., p. 27 (<https://www.ntia.doc.gov/files/ntia/publications/nationalbroadbandresearchagenda-jan2017.pdf>).

dered S. 1289 reported favorably without amendment. On June 5, 2019, S. 1289 was discharged and passed in the Senate without amendment by unanimous consent. On June 10, 2019, the bill was referred to the Committee on Energy and Commerce in the House of Representatives.

S. 1289 is identical to S. 645, as reported, which was introduced in the 115th Congress 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 was an additional cosponsor. 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). That bill passed the Senate with an amendment by unanimous consent on December 13, 2018.

On July 10, 2019, identical legislation to S. 1289, H.R. 3676, was introduced by Representative Khanna (for himself and Representatives Butterfield, Clarke, Eshoo, Fitzpatrick, Lujan, and Welch) and was referred to the Committee on Energy and Commerce of the House of Representatives.

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. 1289, Measuring the Economic Impact of Broadband Act of 2019			
As ordered reported by the Senate Committee on Commerce, Science, and Transportation on May 15, 2019			
By Fiscal Year, Millions of Dollars	2019	2019-2024	2019-2029
Direct Spending (Outlays)	0	0	0
Revenues	0	0	0
Deficit Effect	0	0	0
Spending Subject to Appropriation (Outlays)	0	2	n.e.
Pay-as-you-go procedures apply?	No	Mandate Effects	
Increases on-budget deficits in any of the four consecutive 10-year periods beginning in 2030?	No	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No
n.e. = not estimated.			

S. 1289 would require the Department of Commerce to submit a report to the Congress assessing the effects of broadband deployment on the U.S. economy. The first report would be due two years after the bill's enactment, with subsequent reports due every two years. Such reports would consider the effect of e-commerce, peer-to-peer commerce (such as Etsy), and the production of digital media on the U.S. economy. The Department would be required to consider the effect of broadband deployment on employment, job creation, business headcounts, income, telehealth, and agriculture.

Using information from the Bureau of Economic Analysis (BEA) and the National Telecommunications and Information Administra-

tion, CBO estimates that implementing S. 1289 would cost \$2 million over the 2019–2024 period for the BEA to coordinate with several federal agencies and to produce the required analyses and reports; such spending would be subject to the availability of appropriated funds.

The CBO staff contact for this estimate is David Hughes. The estimate was reviewed by Theresa Gullo, 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. Indeed, by providing decision-makers with better information regarding the economic impact of broadband, the bill would allow more efficient investment in broadband.

ECONOMIC IMPACT

S. 1289, as reported, is not expected to have a negative impact on the Nation’s economy.

PRIVACY

S. 1289, 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 (including broadband) 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 2019”.

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 listing the appropriate committees of Congress that would receive the report produced under this section. It

would define broadband as “an Internet Protocol-based transmission service that enables 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.

Subsection (c) of this section would set forth the specific considerations for each biannual report. Specifically, 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.

Subsection (c) would further provide that, as part of each 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: (1) representatives of the business community, including rural and urban Internet service providers and telecommunications infrastructure providers; (2) representatives from State, local, and Tribal government agencies; and (3) representatives from consumer and community organizations.

Subsection (d) of this section would require the Secretary to submit to the appropriate committees of Congress a report regarding the Secretary’s findings with respect 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.