

**INVESTMENT STIMULUS AND TARGETED BROADBAND INITIATIVES WILL
CREATE NEW JOBS AND PROMOTE ECONOMIC GROWTH**

The cable industry supports the goal of President-elect Obama and Congress to increase broadband deployment and adoption in the United States. Broadband is a crucial driver of economic recovery and global competitiveness. By facilitating economic development, broadband will add jobs to the economy – including in rural and other areas that have not seen job growth in recent years. According to one economic analysis, a one percentage point increase in broadband penetration leads to an increase of about 300,000 jobs across the U.S. private non-farm economy. Broadband will also be central to improving educational opportunities and delivering healthcare more efficiently, important benefits that also contribute to economic growth. Central to any stimulus package are targeted initiatives designed to promote investments in broadband facilities and services, particularly where those facilities and services are not yet available. In those areas especially, a stimulus will incent providers to invest in robust high-speed networks that will help improve healthcare, education, and the delivery of government services.

Extend and Expand Provisions of the *Economic Stimulus Act of 2008*

- Congress should extend the 50 percent bonus depreciation provisions of the *Economic Stimulus Act of 2008* that apply to new investments for two additional years. In addition, Congress should expand this program to include a 20 percent refundable tax credit option so that companies in capital-intensive industries without taxable net income can also receive equivalent support in the form of a direct rebate for covered expenditures.

Investment in Broadband

- Specifically with respect to broadband, Congress should create specific incentives for broadband investments in unserved and underserved areas (areas with less than two broadband providers). Financial incentives should be provided to bring high-speed connections to consumers in unserved areas at robust speeds (5 megabits downstream/768 kilobits upstream). While such a standard would not require next generation speeds as a condition of eligibility in unserved areas, even today's broadband would be a vast improvement for citizens that currently lack any high-speed service. In underserved areas, however, incentives should be designed to encourage investment in systems with next generation capabilities (50 megabits downstream/5 megabits upstream). Conversely, in areas with at least two broadband providers today, no stimulus would be necessary to promote investment in next generation broadband facilities and services.
- The broadband stimulus should be technology-neutral. Telephone companies may need to use the stimulus to replace copper wires with fiber optic networks that offer

greater capacity. Cable operators, in contrast, may need to make expenditures to reclaim analog bandwidth, to split nodes, and to install new electronics at an operator's head-end and at a customer's home. Both of these sorts of investments are critical in their own way to the delivery of broadband service, and the government's efforts to stimulate these types of investments should be flexible enough to ensure that these and other expenditures necessary to provide broadband are covered.

- The government should adopt a menu of options for promoting broadband investment, including additional bonus depreciation, refundable tax credits, and interest-free broadband infrastructure bonds that entitle the purchaser to a tax credit. In tandem with these incentives, the government should consider additional incentives for providers of broadband services, including ways to promote investment in energy-efficient technology and requiring TARP-assisted banks to work with broadband companies to extend existing debt agreements during this difficult economic period.

Broadband Mapping Grants

- Consistent with focusing primarily on increasing broadband connectivity to unserved communities, Congress should provide funding for Commerce Department-administered grant program authorized by the *Broadband Data Improvement Act* for statewide initiatives to identify and track the availability of broadband services, and specifically to identify geographic areas where broadband is not available.

Making Broadband Affordable to Low Income Households

- Congress should appropriate funds (not to be offset by an assessment on telecommunications providers or their subscribers) for two new Lifeline and Link Up Programs to make broadband more affordable for low income households and unemployed adults.