

**The Maine Heritage Policy Center  
Testimony to Oppose LD 1063  
“An Act To Support the Role of Municipalities in Expanding  
Broadband Infrastructure”**

Senator Lawrence, Representative Berry and distinguished members of the Joint Standing Committee on Energy, Utilities and Technology, my name is Adam Crepeau and I serve as a policy analyst at The Maine Heritage Policy Center. Thank you for the opportunity to testify in opposition to LD 1063.

The Maine Heritage Policy Center is opposed to LD 1063 because it would increase the role of government to facilitate the expansion of broadband infrastructure. While Mainers need access to broadband to compete with the rest of the world in the 21st century, the end result does not always justify the means. By allowing municipal governments to “construct, maintain, and operate” broadband infrastructure, they will need to acquire the revenue necessary to do so.<sup>1</sup> These funds will likely come from property taxpayers within municipalities. If the broadband infrastructure does not result in positive revenue for municipalities, the result could be increased property taxes for residents, or a diversion of funds from other municipal priorities.

In addition, by allowing municipalities to construct, maintain, and operate broadband infrastructure, it brings them one step closer to establishing a government-owned broadband network (GON). When GONs are established, they discourage private entities that offer communications services from entering an area. Private companies typically offer their services to make a profit whereas GONs are subsidized by taxpayers or other government entities and are not always concerned about profits. This results in the government establishing and maintaining a monopoly over broadband networks in the municipalities that deploy them.<sup>2</sup>

After municipalities tried to establish GONs in other states, taxpayers were often left to pick up the pieces. A report from the University of Pennsylvania Law School showed that out of 20 municipal fiber projects that reported the results of their broadband operations, 11 showed that they had a negative cash flow.<sup>3</sup> Only seven of those municipalities were projected to recover the cost within 60 years or more. If municipal broadband infrastructure projects in Maine see similar results, taxpayers could be on the hook to cover the cost.

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<sup>1</sup> <http://www.mainelegislature.org/legis/bills/getPDF.asp?paper=HP0786&item=1&snum=129>

<sup>2</sup> <https://www.forbes.com/sites/realspin/2016/04/26/government-owned-internet-failure/#18d601aa55e2>

<sup>3</sup> <https://www.law.upenn.edu/live/files/6611-report-municipal-fiber-in-the-united-states-an>

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Proponents of this bill will likely claim new broadband infrastructure will attract providers. However, if private communications services providers could make a profit from servicing these areas, they would have done so already. Thus, if the government takes on these endeavors, they will likely realize a negative cash flow.

In sum, this bill would expand the size and scope of government to include community broadband systems as a public necessity in Maine. For those reasons, The Maine Heritage Policy Center urges the committee to vote, "Ought Not to Pass" on LD 1063. Thank you.