



THE BUCKEYE INSTITUTE

Connecting Ohio to Broadband is Essential for the Future

Interested Party Testimony
Ohio Senate Energy and Public Utilities Committee
House Bill 13

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As Submitted

Chair Wilson, Vice Chair McColley, and Ranking Member Williams, thank you for the opportunity to submit written testimony regarding House Bill 13.

My name is Greg R. Lawson, I am the research fellow at **The Buckeye Institute**, an independent research and educational institution—a think tank—whose mission is to advance free-market public policy in the states.

Access to high-speed broadband has become essential to daily life in America. The COVID-19 pandemic dramatically highlighted the importance of high-speed broadband access as millions of Ohioans studied, worked, shopped, and remained at home for weeks. Expanded use of telehealth, online learning, internet commerce, and teleworking all depend on consumer access to reliable broadband service. And although many communities and households have multiple broadband providers offering service, there are still many across Ohio—particularly in rural areas—that do not. The economic gap between those communities with broadband access and those without will likely continue to widen, especially with the advent of 5G service, which will drive **economic growth** and create millions of jobs.

The impact on education is particularly important. More than **one quarter** of Ohio students are going to back to school fully remote. We are already seeing some of the **challenges** many rural school districts are facing to ensure that their students, even when outfitted with laptops from their schools, can connect to the internet as necessary to complete their assignments.

Without adequate plans to deliver broadband service throughout the state soon, we risk leaving many communities and families behind as other parts of the country speed ahead.

House Bill 13 takes critical and prudent steps to expand broadband access in Ohio.

First, the bill recognizes that state and local governments should not develop their own government-owned networks or GONs. As The Buckeye Institute explained in **Broadband “GON” Wrong: Remembering Why Government-Owned Broadband Networks Are Bad for Taxpayers**, GONs generally provide poor quality service and pass along opaque and high costs to taxpayers—costs that Ohio and its taxpayers can ill-afford as tax revenues sharply decline in the wake of the pandemic. Now is no time for GONs.

Second, consistent with our recommendations in **Policy Solutions for the Pandemic: Expanding Broadband to Underserved Areas**, House Bill 13 creates targeted grants to support predominately private-sector broadband expansion that will close the gap between what commercial service providers can cost-effectively spend to develop a network and the full cost of providing the service to underserved communities. Importantly, the state will award the grants through a transparent process open to multiple providers using different technologies.

Third, House Bill 13 will guarantee nondiscriminatory access for broadband providers to electric cooperative utility poles, and it establishes a dispute-resolution mechanism in the courts of common pleas. The access provisions will help facilitate more broadband deployment in underserved areas of the state that generally rely on electric cooperatives.

Although most of House Bill 13 takes positive steps toward deploying broadband as quickly and cost-effectively as possible, a misguided, last-minute amendment made in the House will allow electric utility companies to recover broadband infrastructure expansion costs from their consumers, regardless of consumer demand for the new infrastructure. The amendment likely will raise costs for utility consumers who may not even use the new service; prove unfair to most private broadband providers that must risk their own capital to expand their services without guaranteed returns from the Public Utilities Commission; and create overcapacity by compelling captive customers to subsidize a service regardless of actual market demand. The Committee should reject this unfair and potentially expensive amendment.

Finally, deploying expanded broadband access is critical, but so is maintaining the state's fiscal discipline—especially as tax revenue shortfalls brought on by the pandemic strain Ohio's budget. With necessary state budget cuts looming for the foreseeable future, nonessential spending should be reduced or excised to create fiscal space for House Bill 13's broadband grant program. Bringing broadband to households throughout the state should be done quickly, transparently, and cost-effectively. House Bill 13 will help Ohio accomplish that.

The Buckeye Institute appreciates the opportunity to submit written testimony on this important issue.



About The Buckeye Institute

Founded in 1989, The Buckeye Institute is an independent research and educational institution – a think tank – whose mission is to advance free-market public policy in the states.

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