



Testimony of Theodore R. Bolema
Senior Fellow, The Free State Foundation
Regarding SB 636 and SB 637

before the
Energy and Technology Committee
Michigan Senate

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Chairman Nofs, Vice Chairman Proos, Ranking Member Hopgood, and Members of the Committee, thank you for the opportunity to testify. I am a Senior Fellow of The Free State Foundation, a non-profit, nonpartisan research and educational foundation located in Rockville, Maryland. The Free State Foundation is a think tank that, among other things, focuses its research in communications law and policy. I am an economist and an attorney, specializing in regulatory law, economics, and policy. I have served on the faculties of Central Michigan University and the George Mason University School of Law, and also in positions in the U.S. Department of Justice and the U.S. Department of Energy.

I. Removing Local Regulatory Barriers to Wireline Broadband

Removing local regulatory barriers to broadband deployment should be a priority for policymakers who want to see more people have access to broadband. At the federal level, the Federal Communications Commission by unanimous vote in April of this year adopted a Notice of Proposed Rulemaking, with a stated purpose to “accelerate wireline broadband deployment by removing barriers to infrastructure investment.”¹ The FCC is currently seeking comments on specific areas where the Commission could use its authority to prevent the enforcement of state and local laws that inhibit broadband deployment.²

¹ Accelerating Wireline Broadband Deployment by Removing Barrier to Infrastructure Investment, WC Docket No. 17-84 (April 20, 2017), available at: https://apps.fcc.gov/edocs_public/attachmatch/FCC-17-37A1.pdf.

² Id.

So it is a welcome development to see the Michigan Senate addressing unnecessary impediments to broadband deployment in SB 636. An important reason why broadband deployment has been delayed is because local governments have been slow to issue permits and licenses, made it difficult for private providers to obtain rights-of-way, and charged fees that far exceed the costs to the local government.³ Giving broadband providers more certainty about their costs is a helpful step in encouraging more broadband investment, and should lead to more access and more choices for broadband customers in unserved and underserved areas.

II. Encouraging Faster 5G Wireless Deployment

Removing barriers to 5G deployment may be even more important. According to CTIA, The Wireless Association, 5G networks will be up to a hundred times faster than today's networks, and will be able to support up to a hundred times as many devices.⁴ A movie that currently takes a few minutes to download over 4G wireless will take just seconds over 5G networks.

Nationwide, future deployment of 5G wireless networks is projected to produce an additional \$500 billion of economic growth, and wireless operators are expected to invest an estimated \$275 billion over the next decade to deploy 5G, which will create about 3 million more jobs.⁵ Michigan accounts for about 3% of the U.S. GDP, so if that economic impact is proportionate, those projections work out to about \$15 billion in

³ See, e.g., Randolph J. May and Seth L. Cooper, Comments of the Free State Foundation, Petition Seeking Preemption of Certain State Restriction on Municipal Broadband Networks (August 29, 2014), available at: http://www.freestatefoundation.org/images/Muni_Broadband_Comments_082814.pdf.

⁴ Introductory Comments of Randolph J. May, President, Free State Foundation, "Next Generation 5G Wireless Networks: Seizing the Opportunities and Overcoming the Obstacles," The Free State Foundation's Policy Conference (July 25, 2017), National Press Club, Washington, DC., available at: http://www.freestatefoundation.org/images/July_25_2017_Next_Generation_5G_Wireless_Networks_-_Stockdale_Transcript_083117.pdf.

⁵ *Id.*

economic growth and 90,000 more jobs in Michigan. If those projections are even halfway correct, you can see how important and transformative 5G is going to be, and how great the cost of delays could be.

The FCC is also looking at what it can do to remove or reduce local barriers to 5G deployment.⁶ At least 20 states are currently considering legislation much like SB 637,⁷ including Arizona, which enacted its bill earlier this year.⁸

Conclusion

Faster and better broadband access is important for Michigan's economic growth. The legislature can plan an important role in preventing unnecessary delays in broadband deployment in Michigan.

SB 636 and SB 637 are consistent with the approaches being followed at the federal level and in other states seeking to accelerate access to both wireline and wireless broadband. While the details of the bills differ from state to state, their common goal is to provide for access to municipal properties, reasonable costs and fees, and streamlined permitting.

Thank you for giving me the opportunity to testify today. I will be pleased to answer any questions.

⁶ Accelerating Wireless Broadband Deployment by Removing Barriers to Infrastructure Investment, WT Docket No. 17-79, (April 20, 2017), available at: https://apps.fcc.gov/edocs_public/attachmatch/FCC-17-38A1.pdf.

⁷ See Colin Gibbs, Public Policy Will Lay the Foundation for 5G and Beyond, *FierceWireless* (September 6, 2017), available at: <http://www.fiercewireless.com/wireless/public-policy-will-lay-foundation-for-5g-and-beyond>.

⁸ Nathan Fish, "Experts Say Arizona Legislation a Model for Implementing 5G Technology," *Capitol Times* (July 26, 2017), available at <http://azcapitoltimes.com/news/2017/07/26/experts-say-arizona-legislation-a-model-for-implementing-5g-technology/>.