



House stimulus package includes \$6 billion for broadband

\$1 billion set aside for wireless carriers, tower companies

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The House gave President Obama a big victory with approval of an economic stimulus bill with \$6 billion in broadband grants for wireless carriers and other service providers, setting the stage for Senate debate next week on a costlier companion measure that includes more grant dollars and tax credits for deploying high-speed Internet access in rural, underserved and unserved areas.

The bill sets aside \$1 billion specifically for wireless broadband grants, with carriers and tower companies eligible for federal support.

“More infrastructure deployment is critical to making the full range of wireless service available everywhere,” said Michael Fitch, president of wireless infrastructure association PCIA. “We are pleased that Chairman Waxman recognized the importance of wireless infrastructure deployment to economic stimulus.”

Senate Commerce Committee Chairman Jay Rockefeller (D-W.Va.), who is also a senior member of the finance panel, has been the key driver on broadband stimulus in that chamber.

“Keeping people connected to the world around them is a vital part of making our economy stronger,” Rockefeller said. “Broadband access links people to so many possibilities. It helps small businesses grow, creates jobs, helps our students learn, and improves access to health care. It is imperative that we expand this critical technology infrastructure to all parts of the United States. Broadband expansion will boost economic activity nationwide, and it would help ensure that communities across West Virginia have the technology — and the opportunities — they deserve.”

10% and 20% tax credits

A Rockefeller amendment approved by the Finance Committee provides a 10% tax credit to service providers that invest in current generation broadband (defined as at least 5 megabits per second downlink and 1 Mbps uplink) infrastructure in rural and underserved areas of the country. A 20% tax credit would be available to carriers that bring current generation broadband infrastructure to locales without any high-speed Internet access. A separate 20% tax credit is offered for next-generation broadband (100 Mbps downlink and 20 Mbps uplink) networks built in rural, underserved and unserved areas. However, commercial mobile wireless carriers apparently would be eligible for a 20% tax credit if they offer broadband service at speeds of at least 3 Mbps downlink and 768 kilobits

per second unlink in unserved and underserved areas.

“The wireless industry has never before been the subject of such of such generous tax treatment from the Senate Finance Committee for the deployment of mobile data service,” said Jessica Zufolo, a telecom analyst at Medley Global Advisors L.L.C. “In many ways, this amendment is a recognition of their service as a leading technological solution in rural and urban poor markets.” As such, she said a broader pool of wireless providers should be able to qualify for favorable broadband tax treatment.

\$9 billion in grants available

Rockefeller also helped get \$9 billion for broadband grants in a program to be overseen by the National Telecommunications and Information Administration, a Commerce Department unit that advises the president on telecom policy and manages federal government spectrum. The appropriations bill also resurrects (in modified fashion) the Broadband Technology Opportunities Program at NTIA, which will distribute grants to encourage deployment in areas of need. The appropriations measure also fully funds the Broadband Data Improvement Act, which provides funding to state and public-private partnerships to map broadband deployment across the country. Fifty percent of the total funding is dedicated to rural areas.

The House stimulus bill will cost \$819 billion, while the Senate version could total nearly \$900 billion. Republicans in both chambers have opposed the legislation because they claim it doesn't do enough to create new jobs immediately and includes unnecessary spending.

Obama and Congress are using the economic recovery legislation to begin to improve speed and availability of broadband in the United States. The Bush administration was often criticized by Democrats and some in industry for not having a national broadband policy. Former President Bush called for universal broadband by 2007. Obama is pursuing the same goal, but has yet to attach a date to achieving it.



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