

THE QUESTIONS THAT NEED TO BE ASKED ABOUT HB1587 (Local Government Fair Competition Act)

Will the industry be subject to the requirements of HB1587?

NO. The industry would cease providing broadband services if they were subject to the requirements of HB1587, due to the enormous burdens it places on broadband service providers. The industry is not subject to HB1587's annual PUC reporting requirements, nor its prohibitions on cross-subsidies, nor its annual audit requirement, nor its PUC reporting requirements.

Why does the industry want local governments subject to the requirements of HB1587?

So local broadband networks don't develop. Industry spokesmen say if local governments want to enter the broadband business they must play by the same rules as the private sector. But AT&T and Time Warner Cable are not subject to the rules created by HB1587. HB1587 saddles local governments – even those who want to partner with private sector companies -- with unique, new rules -- numerous reporting, auditing, accounting, and bonding requirements that the industry knows will stop these deployments in their tracks.

HB1587 restricts the type of bonds local governments can use to finance broadband network deployments? Does this create a level playing field?

NO. HB1587 would prevent local governments from being able to borrow the money needed to deploy broadband networks. Municipal bond experts who have examined HB1587's bonding restrictions commented that no local government could ever obtain financing using municipal bonds with this law in place.

Are the cable and telephone industry really interested in safeguarding the rights of local taxpayers?

NO. The industry does not care about local taxpayers; they care about raising their rates. The telephone and cable industries want you to believe that local broadband systems fail and that they do not want local taxpayers to be harmed. Local broadband systems are not failing and that is why the industry is trying to stop them from developing – even in communities they refuse to serve. Think about it. If local broadband systems were failing, the industry has nothing to worry about. The industry does not care about local taxpayers – they are sponsoring this bill so they can control the economic future of our communities.

How do we ensure public accountability on public broadband projects without HB1587?

Local governments are presently subject to numerous state and local laws requiring public accountability and scrutiny of infrastructure projects. The General Assembly specifically established The Local Government Commission to exercise fiscal control over, and approve all, local government public enterprise projects. Local laws require local governments to hold public hearings. All public documents are subject to public disclosure ("sunshine laws"), a device used by the incumbents to obtain access to the financial and strategic planning decisions of its so-called local government competition. North Carolina's telephone and cable companies do not have to reveal their finance and marketing decisions to anyone and can choose not to serve distressed communities or rural area they believe insufficiently profitable. Local government decisions are not driven by short-term profit motives, but by improving the quality of life and the environment for local businesses in their communities.

Communities in North Carolina have lost their tobacco, furniture and textile jobs overseas. Access to broadband networks represents the last hope to save our economy.

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