

BROADBAND TAX CREDIT LEGISLATION (Senator Rockefeller Floor Statement)

Mr. ROCKEFELLER. Mr. President, I rise today to introduce the Broadband Internet Access Act of 2001. The convergence of computing and communications has changed the way America interacts and does business. Individuals, businesses, schools, libraries, hospitals, and many others, reap the benefits of networked communications more and more each year. However, where in the past access to low bandwidth telephone facilities met our communications needs, today many people and organizations need the ability to transmit and receive large amounts of data quickly--as part of electronic commerce, distance learning, telemedicine, and even for mere access to many web sites.

In some areas of the country companies are building networks that meet today's broadband need as fast as they can. Technology companies are fighting to roll out the current generation of broadband facilities as quickly as they can in urban and suburban areas. They are tearing up streets to install fiber optics, converting cable TV facilities to broadband telecom applications, developing incredible new DSL technologies that convert regular copper telephone wires into broadband powerhouses.

Other areas are not as fortunate. In rural and inner city areas access to even the current generation of broadband communications is harder to come by. In fact, there are only a few broadband providers outside the prosperous areas of big cities and suburban areas nationwide. This is because in many cases rural areas are more expensive to serve. Terrain is difficult. Populations are widely dispersed. Importantly, many of our current broadband technologies cannot serve people who live more than eighteen thousand feet from a phone company's central office--which is the case for most rural Americans. In inner cities, companies may believe that lower household income levels will not support a market for their services, so they chose not to invest in these communities.

The implications for the country if we allow this broadband disparity to continue are alarming. Organizations in traditional robust communications and computing regions, often located in prosperous urban and suburban communities, will be able to reap the rewards of a networked economy. Organizations in other areas, often in rural areas as in inner cities, including many areas in my State of West Virginia, will suffer the consequences of being unable to take advantage of the astounding power of broadband networked computing.

Just as companies that employ technological advances are decimating their less technologically savvy competitors, businesses in infrastructure-rich areas may soon decimate competitors in infrastructure-poor areas. This is just as true as rural and inner city students, workers trying to gain new skills, and regular individuals who want to participate in the New Economy in other ways compete against their non-rural peers. The result could be disastrous for Americans who live in rural areas or in our inner cities: job loss, tax revenue loss, brain drain, and business failure concentrated in their communities.

Denying Americans who live in rural areas and inner cities a chance to participate in the New Economy is also bad for the national economy. Businesses will be forced to locate their operations and hire their employees in urban locations that have adequate broadband

infrastructure, rather than in rural or inner city locations that are otherwise more efficient due to the location of their customers or suppliers, a stable or better workforce, and cheaper production environments. Additionally, without adequate infrastructure, the businesses and individuals in these communications infrastructure poor areas are less likely to be integrated into the national electronic marketplace. Their absence would put a damper on the growth of the digital economy for everyone--not just for those in rural areas.

Therefore, we must do everything we can to ensure that broadband communications are available to all areas of the country--rural and inner city as well as the prosperous urban and suburban communities. The Broadband Internet Access Act of 2001 addresses this problem.

The Act would give companies the incentive to build current generation broadband facilities in rural areas by using a very focused tax credit. It would offer any company that invests in broadband facilities in rural or inner city areas a ten percent tax credit over the next five years. This tax credit will help fight the growing disparity in technology I just described.

The credit is also restricted to investments needed for high-speed broadband telecommunications services. This means that only powerful broadband services are covered. Companies cannot claim that inferior services qualify for the credit. Only facilities that can download data at a rate of speed of 1.5 megabytes per second, and upload data at 200 kilobytes per second qualify.

In addition, the bill provides a 20 percent tax credit for companies that invest in next generation broadband services. These powerful new services, that can deliver data capacities of 22 megabytes per second download and 5 megabytes per second upload will be the infrastructure the new economy depends as the digital economy matures. We need to reward the companies who have the foresight to invest in these next generation broadband services--they will benefit the whole country.

The Broadband Internet Access Act of 2000 is part of the solution to the critically important digital divide problem. Rural Americans and Americans living in inner cities deserve the chance to participate in the New Economy. Without access to broadband services they will not have this chance. I hope that the Members of this body will support this important bill.

For those who want even more details, I ask unanimous consent that Attachment One to this statement, titled Broadband Internet Access Tax Credit, be made part of the **RECORD**. This attachment is a detailed explanation of the tax credit based on an analysis of the similar Broadband Internet Access Act of 2000, from the 106th Congress. We will hopefully have a more updated explanation that reflects changes to the bill for the 107th Congress very soon.