

June 27, 2017

Assembly Member Cecilia M. Aguiar-Curry
Local Government Committee Chair
State Capitol
P.O. Box 942849
Sacramento, CA 94249-0004
Via email

Re: SB 649 - OPPOSE

Dear Chair Aguiar-Curry,

On behalf of The Greenlining Institute, I am writing to express our opposition to SB 649. SB 649 will not close the digital divide. Instead, it will allow phone and broadband providers to override community decisions about how those communities use public space. Additionally, SB 649 will allow providers to use community-owned property without paying just compensation.

Local Communities Fully Understand the Need for Advanced Phone and Broadband Services.

Every community in California is eager to see faster, more reliable, and more affordable phone and broadband service. Local governments are very aware that advanced telephone and broadband services are critical for access to educational, employment, and economic opportunities. Access to these opportunities is particularly critical for communities of color, who, as a result of the racial wealth and income divides, are more likely to live in areas that lack access to advanced phone and broadband services. State and local governments are particularly well-positioned to ensure that providers are serving communities equitably and non-discriminatorily and that community members have equitable access to economic opportunity.

SB 649 Would Not Help Close The Digital Divide.

Sadly, communications providers have repeatedly demonstrated that they will not make advanced services available to low-income or rural areas unless **they are required to do so**. SB 649 contains no such requirement, instead allowing providers to pick and choose where to build their networks without any community input. Under SB 649, it is likely that providers will focus any service improvements on high-income areas. SB 649 in no way guarantees that low-income communities and communities of color will gain increased access to advanced communications services. Accordingly, SB 649 will not help close the digital divide.

SB 649 Would Eliminate the Ability of Communities to Promote their Interests and Priorities.

It is important to remember that the rights-of-way that providers use to build out their networks are **owned by communities and managed by municipalities**.¹ Currently, if a phone or broadband provider wants access to a local community's right-of-way, it can negotiate with that community for a franchise, paying fair-market value for that access. Additionally, communities can currently negotiate with providers to advance community priorities and interests in exchange for access to community-owned rights of way. For example, if a provider seeks access to build out its network in a high-income area, a community could grant access to that in exchange for that providers' providing high-speed broadband to anchor institutions in lower-income areas. SB 649 would eliminate communities' ability to manage their rights-of-way, unduly interfering with those communities' right to self-determination.

SB 649 Would Allow Providers to Use Community-Owned Property without Paying Just Compensation.

Phone and broadband providers already reap windfall profits from Californians. SB 649 limits communities to charging set prices and fees for access to their rights-of-way. These artificial restrictions distort the market and force consumers to subsidize providers' costs. SB 649 prevents communities from getting full market value in exchange for access to rights-of-way. Accordingly, SB 649 increases the power of providers to extract profits from local communities that already face monopoly or near-monopoly prices.

Greenlining supports any legislative measure that increases the availability of advanced communications services to communities of color. Unfortunately, SB 649 is not such a measure. The bill promises to widen the digital divide, place control over community-owned property in the hands of providers, and fail to compensate communities fairly. Accordingly, Greenlining OPPOSES SB 649.

If you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink that reads "Stephanie" followed by a long, horizontal flourish.

Stephanie Chen
Energy & Telecommunications Policy Director

¹ Frederick E. Ellrodd III & Nicholas P. Miller, Property Rights, Federalism, and Public Rights-of-Way (2003) 26 Seattle Univ. Law. Rev. 475, 477.