

July 28, 2021

The Honorable Peter DeFazio
Chairman
House Committee on Transportation
& Infrastructure
Washington, District of Columbia 20515

The Honorable Sam Graves
Ranking Member
House Committee on Transportation
& Infrastructure
Washington, District of Columbia 20515

Full Committee Markup

Dear Chairman DeFazio, Ranking Member Graves, and Members of the Committee,

We appreciate the opportunity to weigh in as this Committee considers legislation to authorize the United States Department of Commerce to award economic development grants for public-private partnerships to carry out broadband projects. ACT | The App Association (the App Association) is the leading trade group representing small mobile software and connected device companies in the app economy, a \$1.7 trillion ecosystem led by U.S. companies and employing 59,950 in Oregon and 88,190 in Missouri alone.¹ Our member companies create the software that brings your smart devices to life. They also make the connected devices that are revolutionizing healthcare, education, public safety, and virtually all industry verticals. They propel the data-driven evolution of these industries and compete with each other and larger firms in a variety of ways, including on privacy and security protections.

Economic development authorities at the federal, state, and local levels focus on roads, buildings, and other kinds of traditional infrastructure development to ensure they can attract job-creating industries. In 2021, a key ingredient for economic development in the United States is the availability of robust broadband deployment. App Association members especially depend on digital infrastructure to run their businesses because it allows them to be wherever a reliable internet connection is, contributing to local economies across all congressional districts. Therefore, our member companies believe the federal government should pursue an all-of-the-above strategy when it comes to broadband, including the use of television white spaces (TVWS), an unlicensed model that leverages otherwise underutilized parts of the television band to reach Americans who lack access.

One way to boost productivity and bridge gaps in equity is through investing in digital infrastructure. The App Association supports Eliminating Barriers to Rural Internet Development Grant Eligibility (E-BRIDGE) Act (H.R. 3193/S. 1695) because this legislation would ensure that economic development organizations, in public-private partnerships or through consortia, can use Economic Development Administration (EDA) grant funds to support broadband deployment. The legislation addresses a significant issue in broadband deployment via public-private partnerships because most internet service providers (ISPs) operate for-profit. Although grants from the EDA can be used for broadband deployment, EDA regulations only allow non-profits access to grants and explicitly exclude for-profit organizations from access to these grants—even if a for-profit is working with a non-profit in a partnership.

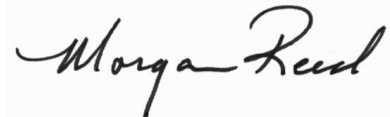
¹ ACT | THE APP ASSOCIATION, STATE OF THE U.S. APP ECONOMY: 2020 (7th Ed.), *available at* <https://actonline.org/wp-content/uploads/2020-App-economy-Report.pdf>.

A change to existing law is necessary due to the many benefits of public-private partnerships and consortia. One way public-private partnerships are optimized is through the private sector bringing the efficiencies and resources to address the issue at hand. Meanwhile, the public sector minimizes the risk assumed by the private sector by ensuring there will be a use for the resources the private sector coordinated. An example of how this might work can be found in the creation of federal office buildings. The federal government (public sector) will hire a management company (private sector) to build the building. By agreeing upfront to be the building's tenant for a number of years, the government offsets the risk the management company faces in not having tenants. A similar argument could be made in the deployment of broadband. However, as stated previously, ISPs are usually for-profit entities, and it is not clear in current law whether their status precludes projects in which they participate from receiving grants from the EDA.

Moreover, there have been impressive gains in broadband deployment through consortia such as Microsoft Corporation's Airband Initiative—where a total of 633,000 previously unserved people gained internet access since 2017.² However, partnerships within the private sector can only go so far: meaning, they will only go so far as it makes sense for the bottom line. Public-private partnerships have the potential to go much further—especially in addressing issues of equity—and could be a mechanism through which any infrastructure package³ addresses the issue of broadband access.

It is widely known that the broad adoption of the internet unleashed a wave of economic activity previously unknown to mankind. The benefits of the internet, however, are only accessible to those with a reliable broadband connection. With the sudden and likely persistent increased reliance on broadband for work, education, and healthcare due to the COVID-19 pandemic, we urge lawmakers to support this measure and advance it as quickly as possible.

Sincerely,

A handwritten signature in black ink that reads "Morgan Reed". The signature is fluid and cursive, with the first letters of "Morgan" and "Reed" being capitalized and prominent.

Morgan W. Reed
President
ACT | The App Association

² Microsoft Airband Initiative website: <https://www.microsoft.com/en-us/corporate-responsibility/airband>

³ Fact Sheet: The American Jobs Plan, THE WHITE HOUSE, (March 31, 2021), *available at* <https://www.whitehouse.gov/briefing-room/statements-releases/2021/03/31/fact-sheet-the-american-jobs-plan/>