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***Testimony in Opposition of House Bill 2451
Enacting the statewide broadband deployment authorization act***

**Testimony by CenturyLink
John Idoux, Kansas Governmental Affairs Director
Before the House Energy, Utilities and Telecommunications Committee
February 7, 2018**

Thank you Chairman Seiwert and members of the Committee. My name is John Idoux and I am CenturyLink's Director of Governmental Affairs for Kansas. I appreciate this opportunity to express CenturyLink's opposition of House Bill 2451.

Although the goals of House Bill 2451 are to "encourage the deployment of advanced telecommunications capability throughout rural Kansas by promoting competition in the local telecommunications market and removing barriers to infrastructure investment", House Bill 2451 would accomplish the exact opposite by introducing new governmental regulations on a competitive industry and authorizing new Internet taxes and fees with no public benefits. House Bill 2451 fails to advance the shared goal of increased broadband availability.

Please refer to CenturyLink's Introductory Testimony dated February 5, 2018 for a general introduction of CenturyLink including CenturyLink's commitment to rural broadband deployment and current challenges faced in deploying broadband further into rural Kansas.

CenturyLink

CenturyLink does not dispute the fact that broadband is a vitally important service nor does CenturyLink dispute the fact that there are areas of the state lacking sufficient broadband. CenturyLink has been deploying broadband in its rural communities since 2002 using its own capital and will continue to drive broadband further into rural Kansas using a combination of private funding and available FCC CAF support. CenturyLink is aware of the challenges involved in rural broadband deployment; however, House Bill 2451 will not address any of the obstacles that CenturyLink experiences on a daily basis as it continues to invest in rural Kansas.

CenturyLink currently offers services in portions of 47 different Kansas counties. CenturyLink deals with permits, rights-of-way, easements and other traditional utility franchise area issues purported to be addressed in HB 2451. While these factors could pose challenges to broadband deployment, CenturyLink is fortunate to experience limited obstacles in Kansas in this area. Issues do arise on

occasion and these isolated instances are addressed with city, county and utility partners on a case-by-case basis. These are bigger factors in other parts of the country but not the 47 Kansas counties CenturyLink serves including: Allen, Anderson, Atchison, Barton, Bourbon, Brown, Carolson, Cherokee, Coffey, Cowley, Dickinson, Doniphan, Douglas, Edwards, Elk, Franklin, Geary, Greenwood, Harvey, Jackson, Jefferson, Johnson, Kingman, Labette, Leavenworth, Linn, Lyon, Marion, McPherson, Miami, Montgomery, Morris, Neosho, Osage, Pawnee, Pottawatomie, Pratt, Reno, Rice, Riley, Shawnee, Stafford, Sumner, Wabaunsee, Wilson and Woodson.

Regulating the Internet Will Not Advance Rural Broadband

House Bill 2451 authorizes the Kansas Corporation Commission to interject regulation and government oversight over the Internet. While the KCC is very capable of regulation, CenturyLink asks what benefits are gained by regulating competition? It should come to no surprise that CenturyLink strongly objects to any additional regulation of the Internet by a state agency. Not only is the Internet an interstate service as defined by the FCC, the Internet has been in Kansas over 20 years and is a highly competitive industry.

In addition, as a fee-assessed agency the KCC will assess broadband providers for agency expenses. Assessments include direct and indirect expenses as well for general management functions. HB 2451 explicitly allows for such direct and in-direct assessments. All of this simply adds to the cost of providing rural broadband service while offering no additional benefits.

Taxing the Internet Will Not Advance Rural Broadband

HB 2451 authorizes cities and counties to tax the internet. Since both rural cities and counties could impose a 5% fee on a service, the combined potential Internet tax is 10%. This would be the first time in Kansas history that that the Legislature has authorized the taxing of the Internet, which likely is prohibited by federal law. CenturyLink asks where will this money go and how taxing the Internet will promotes rural broadband deployment or provides any benefit to the consumer?

Conclusion

House Bill 2451 not only proposes to regulate the Internet but also tax the Internet. Both regulating the Internet as well as taxing the Internet would be firsts for Kansas legislators and both inevitably will result in legal challenges while failing to promote rural broadband. CenturyLink has extensive experience in extending broadband in rural areas and will continue to deploy broadband. Unfortunately, the result of this bill will be the exact opposite of its title, and will stifle broadband deployment in Kansas. What public policy objective is served with these new taxes and new regulations? CenturyLink urges the Committee to reject House Bill 2451.