



AMERICANS for TAX REFORM

Grover G. Norquist
President

October 16, 2019

Financial Services and General Government Subcommittee
U.S. Senate Committee on Appropriations
Room S-128, The Capitol, Washington, D.C. 20510

Dear Senators:

As the American economy demands more and faster connectivity, Americans for Tax Reform believes that the FCC should make getting spectrum into the hands of wireless carriers that will deploy 21st century networks a top priority. Though we initially opposed the plans set forward by the C-Band Alliance, we are encouraged by the changes they have made to their proposal, which is now more transparent, clears more spectrum, and acknowledges taxpayer interests.

We maintain that the best solution to spectrum scarcity is to make additional government spectrum available for commercial auction. But in working with what is currently attainable to close this gap, the Federal Communications Commission is rightly focused on the C-Band. Mid-band spectrum is a key element in bringing 5G to Americans. Currently, US Companies are operating at a deficit compared to other international competitors, especially China which is making 500 MHz of mid-band spectrum available to its carriers.

When it comes to spectrum, Americans for Tax Reform supports free markets without government set rates, and government should halt its involvement with an asset after it has been sold. To that end, two of best tools that the FCC has at its disposal are spectrum auctions and secondary market transactions. In many circumstances private spectrum sales can be appropriate, and government should make sales, trades, and swaps between willing buyers and sellers in the marketplace as frictionless as possible so that the spectrum can be put to its highest, best use.

The C-Band is not only the most readily available mid-band spectrum, it is also globally harmonized, a rare valuable benefit that would enable wireless carriers to keep costs lower through economies of scale. It is fortunate that the incumbent satellite companies have shown a willingness to work with the FCC to find a win-win solution to re-organizing the band. The revised proposal gets us closer to that goal.

Through the course of the FCC's C-Band proceeding, we have been pleased that the CBA has accepted feedback and revised its proposal. The CBA's modified proposal addresses our concerns.

First, CBA has indicated it intends to increase the amount of spectrum cleared and recognizes the FCC goal of clearing 300 MHz. By unleashing the secondary market forces that have served America so well over the last 30 years, the CBA proposal will get C-Band spectrum into the hands of wireless carriers far faster than any of the alternatives proposed to date. Under the revised CBA proposal, well over 200 MHz of the C-Band spectrum will be cleared and ready for 5G deployment within 36 months, with more than 60 megahertz cleared in 46 major markets within the first 18 months of an FCC order. We look forward to seeing a significant increase in the amount of spectrum cleared.

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Second, the CBA has now repeatedly committed to make a significant contribution to the U.S. Treasury. We have found over time that each auction or sale of spectrum is unique and has its own considerations at play. For these particular licenses and for this particular transaction, we believe that taxpayers do have a seat at the table. That does not mean that every time there is a spectrum transaction the government must extract its pound of flesh. CBA's commitment to make a contribution to the U.S. Treasury addresses our concerns as taxpayer advocates in this particular transaction.

Finally, there will be reasonable FCC of oversight over the transition of this spectrum to private market ownership and flexible licensing. While we appreciate the CBA's support for basic measures ensuring an open, transparent, fair, and competitive process, we caution that the government should ensure that transactions between willing buyers and sellers in the marketplace are truly market-based so the spectrum can be put to its highest, best use—and as quickly as possible.

In light of the significant changes the CBA has made to its proposal, and the importance for the U.S. to lead on 5G, we hope the FCC will use its existing authority to quickly pursue this viable solution.

If you should have any questions or comments, please contact me, or Katie McAuliffe by phone, 202-785-0266, or email, kmcauliffe@atr.org.

Onward,

Grover Norquist