



MEMORANDUM

DATE: February 3, 2016

TO: Senator Dean Mortimer and Representative Luke Malek
Co-Chairman, Broadband Access Study Committee

FROM: Megan Ronk – Director, Idaho Commerce

RE: Idaho Commerce Input to Broadband Access Study Committee

Dear Senator Mortimer and Representative Malek,

Thank you for the opportunity to provide input into the deliberations of your interim committee.

As you are aware, broadband access is not just about schools and hospitals. Access to high-speed, reliable broadband has become a critical decision-making factor for corporate decision makers and site selectors looking to expand or relocate in Idaho. In today's fast-paced economy that is driven by technology, broadband is critical to business and thus can make a difference between communities that succeed and those that do not. Following are several of our observations as it relates to the connection between broadband and economic development.

Site Selection Importance. Research shows a link between broadband and economic growth. Broadband empowers the private sector to increase their productivity and improve cost effectiveness. It is especially essential for data centers and technology companies, although the increasing reliance of high-speed Internet connectivity makes this a critical factor for nearly all industry sectors. It is important to note that broadband alone is not a "magic bullet" for economic development. If a community still lacks talent, access to key transportation routes, utility infrastructure, or available land or buildings, it will still face challenges in promoting business growth and expansion.

Quality of Life. In order to keep Idaho well poised for growth – and to attract a younger workforce including Millennials – communities must have access to broadband, including Idaho's remote, rural communities. People now want more convenient options for how they shop, book travel, view content, manage their finances, listen to music and do their work – no matter where they live. Thus, in many cases access to high speed broadband becomes a quality of life issue and determines where skilled talent is willing to locate.

Idaho Should Position Itself for Private Investment. Idaho's existing broadband tax credit has not accomplished its intended impact of attracting private growth and investment in broadband infrastructure. However, the original intent of this incentive is still relevant. To truly become a high-

speed state, we cannot rely solely on public money. We have to encourage the private sector to build out the infrastructure our citizens need.

If the Idaho State Legislature could revise this statute to be more effective, this could greatly enhance Idaho's ability to attract private investment and enhance connectivity throughout the state. Potential ideas that have been effective in other states include a sales tax exemption on the storage and transmission of data and a property tax exemption for broadband equipment.

For each new colocation facility, data center, cell tower and mile of private-sector fiber-optic cable, there is infrastructure in the ground, in Idaho buildings and in the air. And because the telecommunications/data private-sector industry tends to collaborate on such infrastructure, the more that is built, the more capacity we will see and the more advantageous it will be for consumers who will have more service options at competitive prices.

Much like any investment decision, companies investing in broadband, telecommunications, and data centers often choose to invest in states and communities where they can lower their business costs. Obviously it would be more advantageous on multiple fronts if these companies make the decision to invest in Idaho.