



**Testimony of
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In Opposition to New Jersey Assembly Bills 2131, 2132, 2139
CTIA**

Before the New Jersey Assembly Science, Innovation, and Technology Committee

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Chair, Vice Chair, and members of the committee, on behalf of CTIA, the trade association for the wireless communications industry, I am here to testify in opposition to Assembly Bills 2131, 2132, and 2139. CTIA and its member companies, including AT&T, Sprint, T-Mobile, and Verizon, support a free and open internet. To further that goal, we believe that a national regulatory framework with uniform and generally applicable competition and consumer protections is a proven path for ensuring a free and open internet while enabling innovation and investment throughout the internet ecosystem. CTIA and its member companies also support a federal legislative solution to enshrine open internet principles. CTIA, however, respectfully opposes piecemeal state regulation of this interstate service, including this legislation.

The mobile wireless broadband marketplace is competitive and continuously changing. It is an engine of innovation, attracting billions of dollars in network investment each year, and generating intense competition to the benefit of consumers. From the beginning of the Internet Age in the 1990s, the Federal Communications Commission (FCC) applied a regulatory framework to internet service that allowed providers to invest, experiment, and innovate. In that time, an entire internet-based economy grew. But in 2015, the FCC took a much different approach, applying 80-year-old common-carrier mandates meant for traditional monopoly public utilities, despite the fact that internet



services are nothing like public utility offerings such as water or electricity or even landline telephone service.

In 2017, the FCC's *Restoring Internet Freedom Order* reversed that 2015 decision, finding that application of those 1930s utility-style rules to the internet services of today actually harms American consumers. The FCC cited extensive evidence showing a decline in broadband infrastructure investment – an unprecedented occurrence during an era of economic expansion. In the mobile broadband market alone, annual capital expenditures fell from \$32.1 billion in 2014 to \$26.4 billion in 2016. This slowdown affected mobile providers of all sizes and serving all markets. For example, small rural wireless providers noted that the 2015 decision burdened them with unnecessary and costly obligations and inhibited their ability to build and operate networks in rural America.

Based on the way some people have talked about the *Restoring Internet Freedom Order*, you might think that the FCC eliminated federal rules that had always applied to internet services and that the federal government has left consumers without any protections. But that is just not the case. The internet was not broken before 2015, and it will not break because of the FCC's most recent decision.

The FCC has simply restored the same national regulatory framework that applied before 2015, which is credited with facilitating the internet-based economy we have today. Under that national regulatory framework, mobile wireless broadband providers have every incentive to invest in and deliver the internet services that consumers demand. In fact, there have been virtually no instances in which U.S. mobile broadband providers blocked traffic or prevented consumers from going where they wanted to on



the internet. The truth is that, in a competitive market like wireless, mobile broadband providers have no incentive to block access to lawful internet services, and if they did, their customers would simply switch providers.

Further, the FCC's *Restoring Internet Freedom Order* clearly provides consumers with legal protections that complement the competitive forces in play. First, the FCC retained the "transparency" rule that was adopted under President Obama's first FCC Chairman in 2010 and maintained in the 2015 decision, which requires broadband providers to publicly disclose extensive information about their performance, commercial terms of service, and network management practices to consumers and internet entrepreneurs. If a broadband provider fails to make the required disclosures it will be subject to enforcement by the FCC.

By restoring to the FCC's pre-2015 view that broadband internet access is an information service and not a utility-style common carrier service like landline telephone service, the FCC restored the Federal Trade Commission's (FTC) jurisdiction over broadband offerings. The FTC is the nation's lead consumer protection agency, but the 2015 decision had stripped away its authority over broadband providers. The FTC has broad authority to take action against any business whose practices are deceptive or unfair, including enforcing what providers have agreed not to do. This authority extends beyond broadband providers and includes authority over so-called edge providers. The nation's leading broadband providers have told consumers that they will not block or throttle lawful internet traffic, and the FTC will be there to make sure they live up to those promises.



In addition, the Department of Justice and FTC enforce federal antitrust laws, which, as the *Restoring Internet Freedom Order* emphasizes, preclude anticompetitive network management practices. For example, a broadband provider may not anticompetitively favor its own online content or services over the content or services of third parties, or enter into an agreement with other broadband providers to unfairly block, throttle, or discriminate against specific internet content.

Moreover, the FCC made clear in the 2017 *Restoring Internet Freedom Order* that generally applicable state laws relating to fraud, taxation, and general commercial dealings apply to broadband providers just as they would to any other entity doing business in a state, so long as such laws do not regulate broadband providers in a way that conflicts with the national regulatory framework governing broadband internet access services. This ruling reaffirmed the FCC's 2015 decision that states and localities may not impose requirements that conflict with federal law or policy, but may otherwise enforce generally applicable laws. Thus, New Jersey remains empowered to act under the New Jersey Consumer Fraud Act.

In short, New Jersey consumers are well protected against anti-competitive or anti-consumer practices. They enjoy protections provided by the FCC, the FTC, federal antitrust law, and – importantly – existing New Jersey state law. On the other hand, state-specific net neutrality rules imposed on broadband providers would harm consumers, and would – along with other state and local government rules – create a complex “patchwork quilt” of requirements that would be unlawful.



The FCC's overbroad prohibitions on broadband providers harmed consumers—particularly with respect to innovation. For example, after the 2015 Order, the FCC launched a yearlong investigation of wireless providers' free data offerings, which allow subscribers to consume more data without incurring additional costs. The risk of FCC enforcement cast a shadow on mobile carriers' ability to innovate, compete and deliver the services that consumers demanded. The FCC's 2017 *Restoring Internet Freedom Order* takes a different path – one that will benefit consumers and enable new offerings that support untold varieties of technological innovations in health care, commerce, education, and entertainment.

The legislation before you today, however, could hinder these offerings, the benefits that will accrue to consumers, and innovation. While the proposed consequences of each bill differ, all three would impose regulatory requirements on broadband Internet service that contradict federal policy and would create the type of regulatory uncertainty for wireless carriers that stymie investment and slow the deployment of innovative services. That result will benefit no one and will in fact harm consumers. The wireless industry is an economic driver in New Jersey. Wireless jobs pay 42 percent more on average than other jobs in the state. That type of economic impact should not be threatened by unnecessary legislation like the bills before you today.

The FCC's 2017 *Restoring Internet Freedom Order* explains that broadband internet access is an inherently interstate and global offering. Internet communications delivered through broadband services almost invariably cross state lines, and users pull content from around the country and around the world – often from multiple jurisdictions



in one internet session. Any attempt to apply multiple states' requirements would therefore be harmful to consumers for the same reasons the FCC's 2015 rules were harmful, in addition to the fact that those requirements will be at best different and at worst contradictory.

These problems multiply in the case of mobile broadband: questions will arise over whether a mobile wireless broadband transmission is subject to the laws of the state where users purchased service, where they are presently located, or even where the antenna transmitting the signal is located. State-by-state regulation even raises the prospect that different laws will apply as the user moves between states. For example, a mobile broadband user could travel through multiple states during a long train ride, even the morning commute, subjecting that rider's service to multiple different legal regimes even if the rider spent that trip watching a single movie. Such a patchwork quilt of disparate regulation is untenable for the future success of the internet economy.

Moreover, the FCC found broadband-specific state laws, like the bills before you today, would be unlawful. The *Restoring Internet Freedom Order* exercised the agency's preemption powers under the U.S. Constitution and federal law. It held that state or local laws that impose net neutrality mandates, or that interfere with the federal preference for national regulation of broadband internet access, are impermissible.

Ultimately, Congress may decide to modify the existing federal regulatory framework for broadband internet access, and some members of Congress have already introduced legislation addressing these matters. CTIA has called on Congress to enact legislation for the internet ecosystem that promotes a free and open internet while



enabling the innovation and investment we need for tomorrow. Nevertheless, today, state-by-state regulation of broadband internet access services would harm consumers and conflict with federal law.

In closing, it would be unnecessary to pass state legislation on this issue due to the strong consumer protections currently in place and national wireless providers agreeing not to block or throttle lawful content. Accordingly, we respectfully ask that you not move A.2131, A.2132, and A.2139. Thank you for the opportunity to testify today.