

Government Owned Networks: Taxpayers Pay the Price

Government Owned Networks cost millions of tax dollars to build and even more to maintain.



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In April 2012 Seattle Mayor Mark McGinn literally pulled the plug, ending the city's 'Community Wireless Service,' a government-owned Wi-Fi network. The network needed \$100,000 in unforeseen updates, which the city opted to spend elsewhere.

The city-run Ashland Fiber Network in Ashland, OR, lost an average of \$47.77 per customer in the fiscal year that ended 6/30/10, and is on track to lose \$70 per customer by the 2013-2014 fiscal year. As many as 1,300 Ashland households don't have access to the service because it was too costly for the city to build infrastructure to their homes.

According to one estimate, Memphis Networx, a municipal Internet service provider started in 1999, was sold in 2007 at a nearly \$28 million loss to taxpayers.

Chattanooga, TN, is pursuing a network through the Electric Power Board (EPB) utility, an ultra-high-speed Internet service of up to one gigabit per second. According to estimates, the monthly cost to consumers to access the service will be \$350, well out of the reach of most families.

In 2010, ten years after launching a project to build a citywide telecommunications network, Burlington Telecom, a public-owned provider for Vermont's largest city, faced \$50 million in debts and state and federal investigations.

Marietta, GA, put \$35 million into building and maintaining FiberNet, before eventually selling it for a loss of \$24 million. Marietta's mayor at the time of the sale said that the city should have never been in this business.

In August 2009, the newly formed North Florida Broadband Authority (NFBA) applied for, and was awarded, a \$30M stimulus grant. The NFBA was cut off from funding in July 2011, as the Federal Government investigated various charges of fraud and waste, and an overall failure to lay even one mile of broadband cable.

Local and state governments are already hard-pressed financially. Is this the best use of tax dollars?

Encouraging *private* investment in broadband results in better, faster networks that serve more people - at no cost to taxpayers.