

MINUTES

JOINT INTERIM COMMITTEE ON ADVANCED COMMUNICATIONS AND INFORMATION TECHNOLOGY

Tuesday, August 30, 2016

1:00 P.M.

Hot Springs Chamber of Commerce
Hot Springs, Arkansas

The Joint Interim Committee on Advanced Communications and Information Technology met on Tuesday, August 30, 2016, at the Hot Springs Chamber of Commerce located in Hot Springs, Arkansas.

Committee Members Present: Senator Bill Sample, Chair; Senator Jimmy Hickey, Jr. Representative Michael John Gray, Vice Chair; Representatives Charles Blake, Jim Dotson, Justin Gonzales, Fredrick Love, Brandt Smith, and Nelda Speaks (alternate).

Other Legislators Present: Senator Larry Teague and Representative John Vines

Call to Order

Senator Bill Sample called the meeting to order and thanked everyone in attendance for coming to the meeting.

Consideration to Approve the Minutes

A motion was made to approve the minutes of June 10, 2016. The minutes were approved without objection.

Discussion of Broadband in Arkansas: Challenges and Opportunities

- **Mr. Benjamin Van Wagner**, Vice Chairman, Hot Springs Broadband Leadership Council, presented a PowerPoint titled "Broadband Leadership Council Representing Hot Springs and Garland County" [See Exhibit D-1 for full report]. Mr. Van Wagner noted the following as principal concerns:
 - Age demographic
 - Education demographics
 - Attracting 21st century employers with reliable commercial broadband services
 - Lack of 25-44 age group leads to no demand for broadband services
 - 60 + age group at highest percentage in this region
 - Reliability is a broad complaint among residential and commercial users
 - Limited competition with commercial and residential providers
 - Potential solutions include a dig-once policy and find carries willing to offer 1G speeds at competitive pricing
- **Mr. Chuck E. Launius**, Vice President, Resort Television Cable, Inc. gave an overview of the company and services provided. He stated that they currently serve about 40,000 homes in Garland County, with their slowest speed being 25mbps download/ 3mbps upload and the fastest 100 mbps download and 5mbps upload. The company has been able to invest millions of dollars for broadband development in Garland County by not taking on any debt and using their cash flow to put money back into the market.
- **Mr. Mike Medica**, President, Hot Springs Village Property Owners Association [See Exhibit D-3 for full statement] Mr. Medica gave an overview of the Hot Springs population demographic and provided the following recommendations for legislative action:
 - Amend the Telecommunications Regulatory Reform Act of 2013 by increasing the "High Cost Fund" charges.
 - Exempt applicable State sales taxes on equipment, materials, and services used for the construction of new facilities.
 - Exempt certain property taxes on new facilities for a specific time period.

-Exempt corporate income tax on income derived from customers served by new construction for a specific time period.

- **Mr. Michael Dollar**, Executive Director, Hot Springs Village Chamber of Commerce gave an overview of common concerns voiced to him by business leaders in the community. The following issues were discussed: [See Exhibit D-4 for full statement]
 - Broadband accessibility and affordability
 - Business dependency has outgrown the available options
 - Account servicing and customer service

Connect America Fund Phase II (CAF-II)

- Mr. Ricky Cross, External and Legislative Affairs, AT&T introduced Ms. Lisa Lake, External Affairs, AT& T to provide an overview of the Connect America Fund Phase II. Ms. Lake stated that over the last 5 years AT& T has invested over a billion dollars in Arkansas. The AT&T mobile network currently covers over 99% of Arkansans. The FCC made money available to incumbent carriers called “CAF-II”; AT&T has accepted the 21 million dollars a year to deploy in Arkansas. The money is for areas that had no options for high-speed internet. Over the course of the program, AT&T will provide high speed internet to over 50,000 living units. Windstream and Century Link have also accepted monies to deploy high speed internet across the state of Arkansas totaling 130,000 living units in the state, collectively receiving 54 million dollars per year. The FCC broadband speed specifications are currently 25mbps download/3mbps upload. The CAF II program requires 10mbps download/1mbps upload.

Adjournment

There being no further business the meeting adjourned at 2:08 P.M.