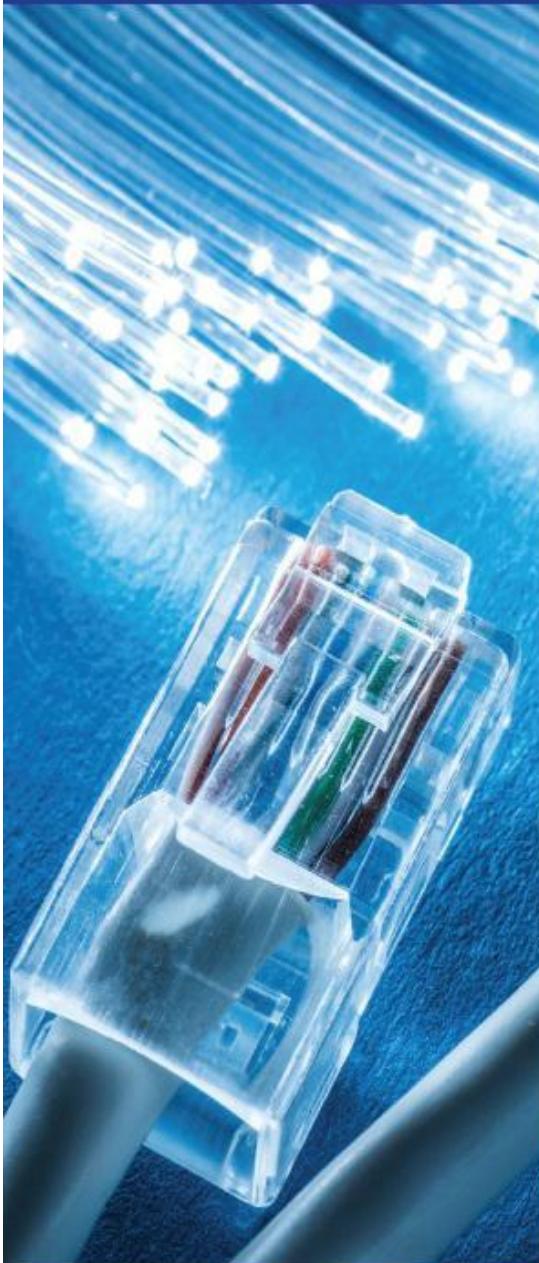


PA Townships **Value Relationship** with Cable Industry



The Pennsylvania State Association of Township Supervisors salutes a longstanding working relationship with BCAP that has benefited millions of our commonwealth's citizens.

PSATS members have had successful partnerships with the commonwealth's cable companies for decades. The result has been a Pennsylvania-born technology that continues to provide entertainment, education, and communications services for generations of our state's citizens and businesses.

If there was ever a template for blending technology providers with local government, our 70-year-old working relationship with BCAP members is it.

PSATS looks forward to continuing and growing its partnership with broadband cable companies in the years ahead to deliver services to ALL Pennsylvanians!



Pennsylvania State Association
of Township Supervisors

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March 17, 2021

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Connecticut is the latest state to take aim at the big pockets of Big Tech with a proposed digital ad tax, and it is not sitting well with advertisers. The Association of National Advertisers has come out strongly against SB 821, a

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bill that would levy a 10% tax on digital ad services in the state on any business with annual gross revenues (worldwide) of more than \$10 billion.

That would mean on those serving powerhouse platforms including Amazon, Facebook and Google. "Advertising is a key driver of the economy, representing 17.5% of Connecticut's economic output. This proposed digital ad tax would undoubtedly be passed on to consumers and Connecticut's small businesses," said ANA Group EVP Dan Jaffe. "Placing a burden on the effort to sell, as businesses struggle to cope with the impact of the COVID-19 pandemic, is simply a bad idea."

In prepared testimony to the Connecticut legislature's Finance, Revenue and Bonding Committee, ANA said that the tax was a "very serious" threat to commercial advertising in the U.S. Connecticut would be the second state to pass a bill targeting digital advertising. The first was Maryland earlier this year, whose legislature reversed its Republican governor's veto of the bill. Google and other computer companies have filed a complaint in district court against the Maryland tax, saying it is unlawful.

As with the Maryland tax, the opponents of the Connecticut tax said it is unlawful because it applies to digital but not non-digital advertising, and so is discriminatory and in violation of the Permanent Internet Tax Freedom Act. In addition, said ANA, "while we understand the importance of securing more funding for the State, the adoption of an arbitrary threshold of global annual gross revenues would tend to tax larger global advertising service providers at a higher tax rate than their domestic counterparts. This would be constitutionally suspect under the Dormant Commerce Clause of the U.S. Constitution." ANA also said the law raises First Amendment issues because it singles out digital commercial speech for a "punitive tax." – **Next TV**

Cable operators, bracing for a slowdown after the robust broadband growth during the height of the pandemic may be in for a surprise. Federal money from the COVID-19 stimulus package could help maintain, and in some cases spur, high-speed data additions in both urban and rural markets, according to MoffettNathanson principal and senior analyst Craig Moffett.

Cable operators added more than 4 million broadband customers in 2020, the sector's biggest growth spurt in a decade and one that occurred as penetration levels were in the 80% range. Operators across the board have warned analysts and investors to not expect the same growth rates in 2021 and for the most part they have complied, lowering forecasts over the next few years. But that pullback may be a bit premature given the scope and size of the federal stimulus bill, which has earmarked billions of dollars to make broadband service both more available and more affordable across the country. Taking those factors into account, Moffett ticked up his own subscriber growth estimates for the top publicly traded cable operators by nearly 5% over the next four years. "Cable is not usually viewed as a meaningful beneficiary of federal handouts," Moffett wrote. "This time, it should be."

In his report, Moffett wrote that three programs that are part of the \$1.9 trillion federal stimulus plan -- the Emergency Broadband Benefit Program, the Emergency Connectivity Fund and the Coronavirus Capital Projects Fund -- will provide a combined \$20 billion in funding for broadband projects. But more importantly, a significant part of those funds will be targeted at affordability as well as availability. That's key because a lot of the volatility in the accounting of broadband subscriber additions is centered on how operators tally up customers that signed on as part of the Federal Communications Commission's Keep America Connected Pledge. Operators that adhered to that pledge promised not to disconnect broadband customers for lack of payment during the pandemic.

Cable operators have been preparing for the slowdown through edge-out programs that extend their networks deeper into their footprints and by participating in federal programs like the Rural Digital Opportunity Fund, which

supports expanding broadband into rural areas. But the COVID-19 stimulus funding is different in that it also includes more urban areas that have been supported through the KAC Pledge and other programs. That led to different accountings for customers who failed to pay for an extended period of time. Some operators opted to consider a broadband customer as a customer as long as service was being delivered -- there was no penalty for not paying. And others stop counting a customer who didn't pay, but considered them a new customer once they made their account hole. Both ways are acceptable, Moffett wrote.

The uncertainty around whether those KAC Pledge customers would return has created some confusion and affected cable operator stocks over the past few months. According to Yahoo Finance, the stock prices of the top four publicly traded cable operators are down about 13.5% this year, after rising more than 45% in 2020. Only one stock -- Comcast -- saw a gain during the period (10%) but it wasn't enough to counter declines at Charter (-5.5%), Cable One (-16.5%) and Altice USA (-8%). But that could change with the stimulus.

About half of the \$20 billion earmarked for broadband is targeted specifically at areas that were affected by the KAC Pledge, according to Moffett. For example, the Emergency Broadband Benefit Program has \$3.2 billion aimed at addressing the connectivity needs of low-income families during the pandemic by providing up to \$50 per month (\$75 per month in tribal areas) to help families pay for broadband service. In addition, the program will contribute up to \$100 toward the purchase of a new computer or tablet (one per home).

That program alone could support service to 4.4 million homes if all of the funding were used in a single year and only for service. But even if that is highly unlikely -- the funding probably won't be spent in a year and not entirely on service -- it still points to the sheer magnitude of the initiative. The Emergency Connectivity Fund, part of the FCC's long-standing E-Rate program, has about \$7.2 billion to spend on reimbursing libraries and schools for providing broadband service and equipment to patrons, students and school staff outside of their respective facilities during the COVID-19 emergency period. The government defines the COVID-19 emergency period as the first June 30 one year after the Secretary of Health and Human Services terminates the COVID-19 public health emergency declaration.

While it isn't entirely clear what would be covered by the ECF -- the FCC is expected to publish more specific regulations in about 60 days -- Moffett added that the current rule mentions Wi-Fi hotspots, modems, routers and connected devices. It is also unclear as to whether the ECF program would require schools and libraries to conduct competitive bidding for services and equipment -- like the E-Rate program requires. But Moffett added that the amount of money available is "nothing short of breathtaking."

As a result Moffett has modified his broadband subscriber estimates upward for the four publicly traded operators, with Comcast now expected to add about 200,000 more high-speed data customers in 2021 (1.4 million) than previously believed (1.173 million). His estimates for 2023 and 2024 -- 1.391 million and 1.432 million additions, respectively -- remained the same. For Charter, Moffett raised his 2021 estimate to 1.309 million additions from 1.106 million, and his 2022 predictions to 1.325 million from 1.252 million. In 2023, he is expecting slightly less growth -- 1.276 million additions compared to his previous estimate of 1.3 million , and the same for 2024 (1.342 million additions instead of 1.383 million).

Cable One is expected to add 39,000 broadband customers in 2021 (up from previous estimates of 29,000); 38,000 in 2022 (vs. 33,000); 32,000 in 2023 (vs. 34,000) and 32,000 in 2024 (vs. 35,000). Rounding out his revised estimates, Moffett now believes Altice USA will add 123,000 broadband customers in 2021 (he earlier projected 91,000 additions) and 121,000 in 2022 (vs. 113,000). His new estimates are lower for 2023 and 2024: 127,000 in 2023 (vs. 134,000) and 126,000 in 2024 (vs. 144,000 previously). – **Next TV**

Pennsylvania's Capitol will reopen to the public this month for the first time since December, Gov. Tom Wolf's administration said Tuesday, albeit with social-distancing requirements, no events scheduled inside and a stepped-up police presence following the Jan. 6 attack on the U.S. Capitol. The building will reopen Monday, the Department of General Services said.

Visitors must wear a mask and adhere to social distancing, while the Capitol Police will maintain increased patrols by officers and members of a special response team. Still, no events will be scheduled inside the Capitol for the time being. Outdoor events on Capitol grounds must follow orders to help stop the spread of the virus, the department said. The Capitol was closed to the public Dec. 10 amid new restrictions because of a post-Thanksgiving spike in cases.

— **Associated Press**



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