



MISSISSIPPI SHOULD NOT GAMBLE WITH TAXPAYER DOLLARS

Five things that should worry you about the Gulf Coast “Fiber Optic Ring”

1. A new plan proposes to use a portion of Mississippi’s British Petroleum (BP) oil spill settlement to build a government-owned broadband network in South Mississippi. The network or “Fiber Ring” would, in theory, connect a dozen Gulf Coast cities across three counties. Local officials estimate that it could cost over \$100 million.
2. So far, the state has promised \$5 million of the BP funds towards the Fiber Ring, though it is not a fiscally sound proposal. In fact, there’s no indication of where the additional \$95 million needed to finance this project will come from, but taxpayers will likely foot the bill.
3. Government-owned networks rarely succeed, and residents already have access to high-speed Internet provided by private companies. Competing with the private sector will only force taxpayers to subsidize a costly failure. Private Internet Service Providers (ISPs) already bring high-speed broadband to 97 percent of Harrison County residents, according to BroadbandNow.com.
4. When the government enters a broadband market, prices for consumers do not decrease. In fact, government-owned broadband networks have been found to charge consumers more than private firms, for similar services.
5. Other regions have tried (and failed) at building and running government-owned broadband networks. Here’s a look at some of the results:

Burlington Telecom, VT

Burlington Telecom was started in 2008 to provide telecommunications services to the citizens of Burlington, VT. The network floundered, and by 2014, it owed \$33.5 million to Citibank. The city reached a final settlement in which it agreed to pay about a third of what was owed, and turned to the private sector for help financing the settlement.

Memphis Networx, TN

Memphis Networx was started as a public-private partnership by Memphis Light, Gas, and Water Division (MLGW) in 1999. By 2007, the network had failed and MLGW sold Networx to Colorado holding company Communications Infrastructure Investments for \$11.5 million after losing about \$28 million in public funds on the venture.

UTOPIA, UT

UTOPIA was started in 2002 to provide Internet services to 11 cities in Utah. The network’s initial capital investment was \$135 million, and by 2014 the debt had climbed to \$500 million. The cities involved have been looking for a private buyer to take over their network for several years.

CDE Lightband, TN

CDE Lightband was started in 2007 with a \$16 million loan from the Clarksville Electric Power Board’s electric division to its broadband division. In 2009, the utility was approved to take an additional \$4.5 million in loans to finance the network, leaving taxpayers and utility ratepayers on the hook for the debt.

