



NEWS

U.S. SENATOR FOR KANSAS

FROM:

SENATE MAJORITY LEADER

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TELECOM REFORM

**DOLE WANTS SPECTRUM ISSUE RESOLVED BEFORE FINAL SENATE
CONSIDERATION OF TELECOMMUNICATIONS REFORM**

Balancing the budget is all about sacrifice. To paraphrase Webster's Dictionary, that means surrendering things we prize for a higher purpose. Sacrifice is also about fairness. We call this share, and share alike.

It makes no sense to me then that Congress would create a giant corporate welfare program when we are reforming welfare for those trapped in a failed system. But, that is exactly what would happen if we pass Telecommunications Reform in its current form.

No doubt about it, balancing the budget and passing Telecommunications Reform will ensure America's place as the world's undisputed economic leader. They are both bills that look to the future, not to the past.

Telecom Give-Away

That said, however, I question whether Telecommunications Reform is worth the television broadcaster's asking price. The Telecommunications Conference Report gives spectrum, or air waves, to television broadcasters that the Congressional Budget Office has valued at \$12.5 billion. Many say that figure is low, including the Federal Communications Commission, which believes it is worth almost \$40 billion. Other estimates run even higher.

The bottom line is that spectrum is just as much a national resource as our nation's forests. That means it belongs to every American equally. No more, no less.

If someone wants to use our resources, then we should be fairly compensated.

The broadcasters say they need this extra spectrum to preserve so-called free, over-the-air broadcast and are just borrowing the spectrum and will eventually give it back. The problem is the Telecom Conference Report is vague and there is no guarantee that America will ever get this valuable resource back.

Even if a guarantee can be secured, the report language still would not fairly compensate taxpayers for lending this resource to the broadcasters. From a technical standpoint, when the broadcasters transition from an analog to the more efficient digital signal, they can pump out several new TV stations. In short, broadcasters will trade their existing one station for as many as five stations. I am told the FCC believes the number can reach as high as 12 stations.

Interestingly enough, the broadcasters-secured language in the Telecom Bill that would exempt them from paying fees for any of these new broadcast stations so long as they are supported by advertising dollars. Let me get this straight. America lends the broadcasters a national resource so they can increase their

profit margins, but they don't think its fair to pay rent.

At a time when we are asking all American's to sacrifice, it makes no sense to give away billions of dollars to corporate interests and succumb to their intense media lobbying effort.

Cost to Consumers

This policy will also cost consumers billions of their own dollars. Federally mandating a transition to digital broadcast will ultimately render all television sets in the country obsolete. Consumers will be forced to buy either new television sets or convertor boxes to receive free, over-the-air broadcast.

The impact will be dramatic. There are 222 million television sets in the country. The average digital television set's estimated cost is \$850, while the less expensive convertor box will cost approximately \$100. Replacing every television set with a digital one would cost \$189 billion. Using the less expensive convertor box would cost \$22 billion. No doubt about it, consumers won't be happy that Congress made this choice for them.

Must Resolve the Spectrum Issue before the Senate Votes on Bill

In closing, I wish to inform the Senate that I do not intend to bring up the Telecom Bill for final consideration until the spectrum issue is resolved and the American taxpayer is fairly compensated for its use. The Conference Committee on Telecommunications Reform is still open, so we still have the opportunity to appropriately address this spectrum issue.

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