



**Senate Communications and Technology Committee
Public hearing to discuss improving access to high-speed broadband internet
in the Commonwealth**

**Penn State – Eberly Campus, Fayette County
Thursday, September 5, 2019, 10:00am**

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Good morning, Chairwoman Phillips-Hill, Chairman Santarsiero, and members of the Senate Communications & Technology Committee. Thank you for having me here today to discuss what I believe is a critical infrastructure issue and the very real impact borne disproportionately by Pennsylvania agriculture and rural communities.

I have spent my career working on infrastructure projects in rural western PA. I worked on the staff of U.S. Congressman John P. Murtha for many years before going to Congress myself to represent Pennsylvania’s 12th congressional district. When we lost our steel and coal jobs from the late 1970’s through the 1980’s, we worked diligently to help diversify our economy and attract new advanced manufacturing and high-tech firms. Unfortunately, we were often met with negative responses because of our outdated infrastructure.

High-speed internet is not a luxury, it is an infrastructure necessity. For Pennsylvania to remain competitive in today’s global economy, we need to ensure that our infrastructure is robust, secure, affordable, and accessible. High-speed internet has become deeply ingrained in our lives. A lot of how we work, live and play is contingent upon having access to the internet. From the time we get up in the morning until the time we go to bed at night, most of us utilize technology throughout our day. The internet is used to research, gain knowledge and expand our horizons. It is becoming more integral in schools, in hospitals, in businesses, on the farm. We must close the digital divide in order to continue moving Pennsylvania agriculture forward.

Lack of reliable internet is a source of frustration for many Pennsylvania farmers as the agriculture industry is reliant on new technologies that require increased bandwidth. Tractors, drones, and robotic milkers are examples of equipment that provide efficiencies and innovation on the farm but rely on internet access; even animals and crops can be monitored by web-based applications and programs that require high-speed internet. The benefits of telemedicine extend to veterinary care but are not available to the very areas of the state that would most benefit because of insufficient broadband. Finally, the very fundamentals of business including access to email, internet marketing, and virtual courses are impossible to access for farmers in areas without internet access. Growing industries such as agritourism, direct to consumer, and farm to table rely on quick and easy internet-based communication.

Modern society and the global economy demand the ability to connect quickly with one another. We are connected now more than ever and as the world changes, the need to be connected will continue to grow. It’s no secret that businesses need access to high-speed internet to compete. They utilize the internet for a wide range of tasks and the speed and reliability of the connection will ultimately determine the quality of service and range of capabilities.

We were at an inflection point ten years ago. The time for a piecemeal approach to address our shortfalls has passed. Every day that goes by, we fall further behind. Having represented and worked for rural PA, I can tell you that rural communities are falling behind faster than their urban and suburban counterparts. Having studied the report funded by the Center for Rural PA only verified and validated what we already knew: the FCC broadband coverage maps we rely on to determine service are both inadequate and inaccurate, putting us at a further disadvantage when competing for funding.

Currently, the commonwealth does not have a dedicated source of capital to address our broadband infrastructure issues. Earlier this year, Governor Wolf announced Restore Pennsylvania as a way in which to address our most critical infrastructure issues, including broadband. The legislation proposes \$4.5 billion dollars, raised through a commonsense severance tax, to help communities remediate blight, expand broadband access in rural areas, increase flood protection, improve our transportation and green infrastructure, and remediate contaminants in our water sources and our brownfield sites. Despite the challenges we face, we can agree that these are significant issues that need to be addressed. We can no longer kick this issue down the road for the next generation to address it.

Pennsylvania is fortunate to be located on one of the largest natural gas plays in the world – the Marcellus Shale. The result is that gas production is booming, and we have billions of dollars of natural gas infrastructure constructed or being constructed under our feet right now. Pennsylvania is currently the second-largest producer of natural gas in the United States, only behind Texas. And we'll likely surpass Texas in the next few years. Despite the abundance of natural gas production here, we're the only gas-producing state that does not levy a severance tax on gas drillers.

While we have an impact fee, that impact fee is based on number of wells rather than volume of production. As technology has increased and fewer wells are needed to extract the same volume of gas, we're simply not seeing the returns on the impact fee that had been anticipated when the fee was originally introduced. The result is that Pennsylvanians aren't getting their fair share for the resources under our feet.

The proposed severance tax would be tied to volume of production, as is the standard in other states. Texas, for example, has a severance tax on natural gas, and has had one for decades. In 2018 alone, Texas collected more than \$1.4 billion dollars in natural gas severance taxes. In comparison, our impact fee only collected \$209.6 million in 2018.

Despite the \$1.2 billion-dollar difference in revenue, Texas only produces slightly more natural gas than we do in Pennsylvania – 21 percent more. To put that in perspective, Texas produces 21 percent more natural gas than us, but they collect nearly 700 percent more revenue. Yet the industry is booming in Texas. That's why we do not buy in to the argument that implementing a severance tax here in Pennsylvania would drive out the industry. Real-world examples simply don't support that argument.

Finally, Restore Pennsylvania will prevent the practice of reducing royalty payments to landowners with post-production deductions, so landowners receiving royalties will continue to benefit from those payments. Many of Pennsylvania's farmers rely on these royalties to supplement their farming income. These are the men and women who provide our food, and the royalty payments have allowed them to remain in business. But without Restore Pennsylvania, these royalties could continue to decrease, putting our farms and the small business owners who operate them at risk.

While the focus of this hearing is on the need for critical infrastructure and broadband investments, I feel that I must also point out how Restore PA will invest in green infrastructure which includes direct investments in agriculture. Our farmers cannot reach their full potential without broadband access, but

these same farms are at increasing risk due to development pressures and extreme weather events that we have already seen in recent years. Restore PA could not come at a more important time for PA agriculture. Pennsylvania's Chesapeake Bay Phase 3 Watershed Implementation Plan planning process documented significant conservation infrastructure needs on nearly 33,000 farms and forestry lands in the Chesapeake Bay Watershed area in Pennsylvania. Annual funding for these soil health and water quality infrastructure needs exceeds \$250 million in the Chesapeake Bay Watershed alone.

The State Conservation Commission, a departmental administrative commission under the concurrent authority of the Department of Environmental Protection and the Department of Agriculture, provides support and oversight to the state's 66 county conservation districts for the implementation of conservation programs. Conservation districts are a trusted resource for the agriculture community to provide financial and technical assistance to farmers and landowners. In EPA's memo outlining its expectations for Pennsylvania to address its Total Maximum Daily Load (TMDL), an agriculture cost-share program was recommended to be funded at \$80 million minimum.

Restore Pennsylvania will provide funding for the State Conservation Commission to administer an agricultural conservation grant program that will provide financial and technical assistance for conservation districts to help farmers install and implement best management practices. The grant program will competitively fund projects that yield significant nutrient reductions using high-quality best management practices in high-priority areas of the commonwealth, as determined in partnership with DEP.

According to the latest USDA Census of Agriculture, Pennsylvania experienced a loss of 500,000 acres of farmland between 2012 and 2017. That loss of farmland is nearly equal to the amount of farmland that has been preserved to date, and more than 2,000 working farms remain on county waiting lists to be preserved. While Pennsylvania leads the nation in farmland preservation, funding restrictions and administrative capacity limit the number of farms that can be preserved each year. Restore Pennsylvania will add to current funding levels of Pennsylvania's nation-leading farmland preservation program, securing the purchase of development rights to preserve farms waiting on the county backlog lists. Roughly 1,500 eligible farms remain on these lists statewide waiting to be preserved, at an estimated cost of \$500 million.

Lastly, the department is grateful to Governor Wolf and the General Assembly for working in a bipartisan and bicameral fashion to pass the PA Farm Bill, which included new and expanded funding for conservation efforts, as well as new resources for business planning for farmers. As the department works to implement the various pieces of the PA Farm Bill, it is becoming even more evident that access to broadband is crucial for both of these components. Farmers often work with outside parties to plan, design, and implement conservation practices. Both research and communication today require high-speed internet access, putting those farmers without access at a serious disadvantage. Similarly, business planning, succession planning, transition and marketing planning require internet access. New and beginning farmers often want to access these services online. We must invest in broadband infrastructure to preserve the future of Pennsylvania agriculture.

The Wolf Administration is committed to cultivating vibrant communities and fostering equal opportunities for every Pennsylvanian, regardless of their ZIP code. Restore Pennsylvania is a way in which we can level the playing field, expand access to high-speed internet, and ensure that every Pennsylvanian feels as though he or she is a valued member of this commonwealth.

Thank you for your attention and I would be happy to answer any questions.