

Global Innovation Forum

April 18, 2024

The Honorable Charles Schumer  
Senate Majority Leader  
United States Senate  
Washington, District of Columbia 20510

The Honorable Mitch McConnell  
Senate Minority Leader  
United States Senate  
Washington, District of Columbia 20510

The Honorable Mike Johnson  
Speaker of the House United States House of  
Representatives  
U.S. Capitol Building  
Washington, District of Columbia 20510

The Honorable Hakeem Jeffries  
Minority Leader  
United States House of Representatives  
2433 Rayburn House Office Building  
Washington, District of Columbia 20510

The Honorable Maria Cantwell  
Chair  
U.S. Senate Committee on Commerce,  
Science, & Transportation  
Washington, District of Columbia 20510

The Honorable Ted Cruz  
Ranking Member  
U.S. Senate Committee on Commerce,  
Science, & Transportation  
Washington, District of Columbia 20510

The Honorable Cathy McMorris Rodgers  
Chair  
Committee on Energy and Commerce  
U.S. House of Representatives  
Washington, District of Columbia 20510

The Honorable Frank Pallone  
Ranking Member  
Committee on Energy and Commerce  
U.S. House of Representatives  
Washington, District of Columbia 20510

Dear Majority Leader Schumer, Minority Leader McConnell, Speaker Johnson, Minority Leader Jeffries, Chair Cantwell, Ranking Member Cruz, Chair McMorris Rodgers, and Ranking Member Pallone:

The undersigned work with startup and small business technology companies across the United States. These are entrepreneurs, innovators, and independent developers provide beneficial products and services to a wide array of consumers and industries, and are responsible for millions of jobs. While our members support the goal of ensuring that all Americans have access to affordable broadband connectivity – indeed, Internet access is necessary for launching a technology company, and more broadband access directly leads to more potential consumers of digital services – proposals to expand the USF contribution base to include digital services will have unintended consequences for the digital economy and the countless consumers and businesses that rely on it.

The innovative businesses and entrepreneurs we work with and support are the U.S. startups and small businesses that are the driving force behind economic growth, competition, and innovation across consumer and enterprise products and services in a wide range of industries, including agriculture, education, healthcare, manufacturing, public safety, and countless others. They employ tens of millions of Americans who live and work in communities in every state of the nation, in rural, urban, and suburban communities, and are responsible for adding more than \$2.41 trillion to the American gross domestic product.<sup>1</sup>

We share your goal of ensuring that the Federal Communications Commission's (FCC) Universal Service Fund (USF) is effective and sustainable, and welcome the opportunity to work with you to that end. USF policy changes should be informed by a well-developed record to avoid unintended negative downstream effects on the American digital economy as well as the consumers and businesses that rely on it.

We are therefore concerned with proposals that would widen the USF contribution base to select digital services before engaging in adequate data collection on or fully analyzing the impacts of such a proposal. New USF fees targeting digital services run the risk of creating direct costs to a wide range of startups and small businesses as well as creating indirect costs by making the free and low cost services that these companies rely on more expensive to use. Ultimately, decreases in innovation, competition, and choice will harm the very consumers the USF is built to benefit.

Moreover, making it more burdensome for our members to participate in the digital economy would have a negative impact on American competitiveness abroad. In the immediate term, American digital service providers would be newly disadvantaged against digital service providers based in other countries. And in the long term, in contradiction to longstanding U.S. trade priorities, other countries may take FCC establishment of new USF fees as a signal to institute new taxes on digital services of their own, resulting in an even higher burden on startup and small businesses and consumers as well as dampened innovation across the sectors.

We appreciate the efforts of congressional leadership to ensure the future of USF and to increase access to broadband to ever more Americans. We urge the Committees to consider the negative downstream effects that expanding the USF fee base to our startup and small business innovator members.

Sincerely,

**ACT | The App Association**

**Engine**

**Global Innovation Forum**

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<sup>1</sup> <https://www.bea.gov/system/files/2022-11/new-and-revised-statistics-of-the-us-digital-economy-2005-2021.pdf>.