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Submitted via e-mail to USFWorkingGroup@fischer.senate.gov

September 15, 2025

The Honorable Deb Fischer
Chairman, Subcommittee on Telecommunications and Media
U.S. Senate Committee on Commerce, Science & Transportation
254 Russell Senate Office Building
Washington, DC 20510

The Honorable Richard Hudson
Chairman, Subcommittee on Communications & Technology
U.S. House Committee on Energy & Commerce
2125 Rayburn House Office Building
Washington, DC 20515

The Honorable Ben Ray Lujan
Ranking Member, Subcommittee on Telecommunications and Media
U.S. Senate Committee on Commerce, Science & Transportation
254 Russell Senate Office Building
Washington, DC 20510

The Honorable Doris Matsui
Ranking Member, Subcommittee on Communications & Technology
U.S. House Committee on Energy & Commerce
2125 Rayburn House Office Building
Washington, DC 20515

RE: Universal Service Fund (USF) Working Group – Request for Comment

Dear Chair Fischer, Chairman Hudson, Ranking Member Lujan, Ranking Member Matsui:

The Consumer Technology Association (CTA®) appreciates the opportunity to respond to the USF Working Group request for comment about the current state of the Fund and proposals for the Fund's modernization. Connecting every American to broadband and other essential telecommunications services is critical to U.S. economic competitiveness, which is why connectivity is a key element of CTA's 2025 Innovation Agenda. CTA supports efforts to build 5G and 6G infrastructure and expand broadband using a variety of technologies, so Americans have access to fast and reliable internet.

As North America's largest technology trade association, CTA is the tech sector. Our members are the world's leading innovators – from startups to global brands helping support more than 18 million American jobs. CTA owns and produces CES® – the most powerful tech event in the world. CTA is the trade association representing more than 1200 companies in the U.S.

technology industry. Eighty percent of CTA companies are small businesses and startups; others are among the world's best-known brands. We provide members with policy advocacy, market research, technical education and standards development.

The USF program has long been part of how the U.S. extends affordable voice and broadband services across the country. CTA recognizes the importance of the programs supported by USF to ensure Americans have access to public safety, education, and health resources. However, we are deeply concerned by some proposals seeking to expand the USF contribution base to include edge providers. Shifting the USF contribution base in this way would effectively tax broadband consumption – stifling innovation and harming consumers.

Innovation thrives when barriers to entry remain low. Taxing broadband consumption by requiring USF contributions from edge providers would discourage new entrants and limit consumer choice. These new taxes will inevitably be borne by U.S. consumers who will all pay these implicit taxes on the internet through higher prices on numerous products and services which drive U.S. innovation. It would also increase the cost of providing edge services. Consumer electronics manufacturers aim to keep prices low and competitive to maximize adoption. If these companies are forced to absorb these new costs, the ripple effect across the device and content ecosystem will be immediate: device makers may need to raise prices, eroding affordability for consumers. Higher consumer electronics prices mean fewer households can access high-quality connected devices, slowing the development and adoption of advanced technologies. More, higher prices mean fewer people will get to use broadband's benefits which defeats the goal that USF-enabled broadband expansion is intended to achieve. Decreased demand for and use of these services would, in turn, dampen innovation and economic growth.

The USF contribution base should not be expanded to include cloud-based services. Doing so would raise prices of cloud services and increase costs across multiple industries, especially small businesses and startups, with costs ultimately borne by consumers. Taxing cloud-based services in this way would harm consumers and hinder American economic growth. Cloud services fuel innovation and job growth by freeing up capital for hiring, expansion, and new product development. Cloud is a core input for over 70% of U.S. businesses, embedded in everything from hospital records to trucking logistics.

Taxing cloud services does not align with the national AI agenda. The United States' global leadership in AI fundamentally depends on robust cloud infrastructure. This wave of private-sector investment is directly aligned with the U.S. AI priorities outlined in America's AI Action Plan. Cloud infrastructure is central to achieving these goals, providing seamless access to vast storage and computational resources. Increased cloud costs due to USF contribution fees would disrupt this reinvestment cycle, reduce productivity, slow job creation, and jeopardize U.S. leadership in innovative technologies such as AI and machine learning. Raising the price of cloud resources would slow the ability to develop and deploy AI, limiting U.S. competitiveness and leadership in next-generation technologies.

It is unlikely the FCC will support expanding the USF contribution base. The FCC recently rejected a proposal to assess regulatory fees on technology companies noting that such proposals are "vague and unworkable."[1] An assessment on edge and cloud services would be equally unworkable. Rather than expanding universal connectivity, shifting USF costs onto edge providers and cloud-based services would impose a tax on innovation, penalize consumers, and undercut incentives to deploy new technologies. In the spirit of Chairman Carr's deregulatory agenda and the Commission's pro-innovation approach, we should avoid imposing additional burdens to economic growth.

Sincerely,

Rachel S. Nemeth
Senior Director, Regulatory Affairs

CC: Members of USF Working Group
Shelley Moore Capito (R-WV)
Amy Klobuchar (D-MN)
Jerry Moran (R-KS)
Gary Peters (D-MI)
Dan Sullivan (R-AK)
Jackie Rosen (D-NV)

[1] See FCC Regulatory Fees Order for Fiscal Year 2025, MD Docket Nos. 25-190 & 24-85, released Aug. 29, 2025, at 22 (citing Consumer Technology Association Reply Comments on FY25 Regulatory Fees, available at https://www.cta.tech/media/5cffugid/as-filed-cta-comments-on-fy25-reg-fees.pdf).