

Fact Checking the New Taxpayers Protection Alliance Report, *GON With the Wind*

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In time, we may offer a more substantial reaction on our [Correcting Community Fiber Fallacies](#) page, which already addresses many of the claims repeated in this report. The Institute for Local Self-Reliance is offering this quick, critical reaction within hours of first seeing the Taxpayers Protection Alliance report in order to give the facts a chance — this is a biased attack against municipal networks and the competition they can provide in a market that desperately needs it.

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The Taxpayers Protection Alliance has returned with another puzzling attempt to discredit municipal broadband networks: They have published a report, *GON With the Wind*, that mostly affirms that the community networks it picked to study are successful. TPA's report offers 30 short case studies and there is no explanation of how TPA chose this odd subset of municipal networks. Yet they allege a failure of the network or failure to pay debt in only 9 of its examples. One of the claims of failure, North Carolina's Wilson, relies solely on a false claim that was quietly retracted years ago by Christopher Yoo at the University of Pennsylvania, who admitted he did not understand the revenue bonds he was criticizing.

To be clear, TPA chose 30 municipal networks to make its argument and can only accurately claim 8 out of 30 networks as failures. ILSR has [previously dissected](#) TPA's work and found similar problems. Indeed, the fact that some municipal networks have struggled actually refutes another point frequently made in criticism of municipal networks — that they have unfair advantages. In reality, municipal networks have tended to operate in the most adverse environments, where the private sector saw little reason to invest sufficiently. They have generally succeeded despite multiple disadvantages.

TPA makes multiple mistakes that underscore its extremely limited capacity to make accurate claims about telecommunications business models. The report conflates publicly owned networks with taxpayer-financed approaches, ignoring that many of the profiled networks were

built with funds from private investors. One example of TPA's tenuous understanding of the telecommunications business is that it criticizes Longmont's network, despite the fact that it reached a healthy 55% of the market by 2018, its fourth year.

TPA also fails to include relevant information in its analysis. Most community networks are focused on economic development and creating price competition where the community is currently at the mercy of a monopoly. These issues are largely absent from the TPA analysis, but are crucial to a proper evaluation of municipal networks.

Regarding TPA's many errors and omissions, we examined their sourcing for claims made in the Chattanooga case study and found numerous problems. The most obvious is related to the claim on page 15 that Chairman Ajit Pai reversed former Chairman Wheeler's effort to limit state preemption policies. The 6th Circuit reversed the FCC Order while Chairman Wheeler was still in office, long before Republicans won the 2016 election. Oddly enough, TPA correctly characterized this on page 16.

As we have seen in [previous TPA work](#), tracking down the sources shows they have chosen to omit relevant information that discredits their claims.

- Endnote 48 supports this sentence: "EPB eventually lowered rates and got more subscribers for the gig service. Total fiber subscribers reached 100,000 in 2018, a market penetration rate of about 60 percent." It ignores the second half of the cited sentence, which is: "The municipal power utility now provides telecom connections to more than 60 percent of all homes and businesses in its service territory, allowing EPB to repay its initial telecom investment years ahead of its original forecast and helping to provide an extra \$42 million a year back into its electric system." and also the quote right after: "'Contrary to the fears some had about us spending power funds to pay for this service, our power rates are actually 7 percent lower than they otherwise would be because of our Fiber Optic network and the business it has generated for us," EPB President David Wade said."
- Endnote 49 supports this sentence: "Some private providers told Tennessee Watchdog they avoided entering the Chattanooga market because they couldn't compete with the financial advantages EPB received from taxpayer money." It omits discrediting context. The source quotes David Snyder, with this: "They have built a solution looking for a problem," David Snyder, an ISP provider in the Chattanooga area, told Tennessee Watchdog in 2011. "It makes for great marketing, but there is no demand for this service. By the time this service is needed, the private sector will have established this for pennies on the dollar." Chattanooga remains one of the best value connections in the country.
- Endnote 51 cites us, presumably our community network map, but the link doesn't take you to the information they cited.

Furthermore, the meat of TPA's report comes from a 2017 study by Timothy Pfenninger and Christopher Yoo at the University of Pennsylvania that made many errors. As [we explain here](#),

Yoo admitted to some of these errors and issued a retraction but never bothered to correct his paper.

Ironically, while TPA is attempting to discredit municipal networks, its own words consistently affirm that local leaders have made wise decisions with few exceptions. The introduction notes that Seattle commissioned a study in which it found the proposed plan would be too costly and risky. The city did not move forward with that plan. In other cases, TPA explicitly notes that local leaders considered a project only to wait until the feasibility improved over time. This experience is precisely why we trust local decision-makers rather than encouraging state legislatures to interfere with such complicated and intensely local decisions.

Before taking TPA advice, local leaders should be aware that TPA is focused entirely on one goal: reducing the level of tax expenditures from government. It is not focused on how to ensure communities can thrive with high-quality Internet access. It emphatically praises the “solution” of a wireless service in Wisconsin that [charges \\$100/month](#) for its top-end package of 10/2 Mbps rather than the municipal broadband network solution of offering a gigabit for a much [more reasonable fee](#). This is how TPA sees it in their conclusion:

The experience of rural Wisconsin broadband provider WiConnect, Inc. is illustrative. Owner Dave Bangert created an innovative business to increase internet access through the use of wireless transmitters mounted on farm silos to provide signals to more than 500 customers in the Reedsburg area of rural Wisconsin. Despite a compelling business model that would not involve hard-earned taxpayer dollars, federal bureaucrats chose to prioritize stimulus dollars for government broadband efforts.

People living in rural communities are very familiar with these approaches. While we salute entrepreneurs who are doing what they can in areas without access, that business model does not bring economic development or a high quality-of-life to rural communities. Communities need to develop their own solutions, which may involve local, state, or federal tax expenditures, rather than hoping someone will come along and solve this problem.

Network by Network Response

We offer a summary of TPA claims and our response, as well as background information, often an interview with local officials about the situation.

Bristol, Virginia

- TPA correctly notes that Bristol Virginia Authority had corruption at the highest levels. BVU’s problems extended well beyond municipal broadband — there is no evidence that

municipal broadband projects have higher levels of corruption than other public or private ventures. These are problems we can all agree should be rooted out. TPA left out discussion of the far more successful Bristol Tennessee fiber network.

- Background on BVU
 - [“Sale of OptiNet: BVU Caught Between Virginia's Rock And A Hard Place.”](#)
Institute for Local Self-Reliance
 - [Bristol \(Tennessee\) Muni A Boon for Electric Users](#) - Institute for Local Self-Reliance

Brookings, South Dakota

- **TPA does not allege that it is failing** or has failed to pay any debt. The report notes that the network (Swiftel) has an impressive 70% broadband take rate and has been under municipal ownership for more than 100 years. Claims that the city would struggle to repay costs were made early after the fiber network expansion and rely on a [discredited study from UPenn](#). In parts of the report, TPA suggests cities with municipal networks may want to disadvantage potential rivals, like companies offering 5G services. However, Brookings has [worked closely with mobile wireless providers](#) to expand small cell coverage.

Burlington, Vermont

- Burlington is an example of TPA correctly describing a failure of governance to problems inherent in municipal broadband approaches. Burlington Telecom is indeed a cautionary tale — for not having proper oversight of any project. The mayor’s administration hid problems that then ballooned. This is not unique to the public sector or broadband projects. Nonetheless, the network has created some benefits despite its obvious costs. The question is not whether every municipal broadband project has been successful, it is whether communities can make their own decisions about essential infrastructure.
- Background on Burlington
 - [Reinventing Burlington Telecom - Community Broadband Bits Podcast 283](#),
Institute for Local Self-Reliance

Cedar Falls, Iowa

- **TPA does not allege that it is failing** or has failed to pay any debt. The report notes strong community support for the initial network investment — 71% of voters in favor — and high take rate of approximately 74%. TPA has a history of [making false statements about Cedar Falls](#). Cedar Falls has showed more than 20 years of success in telecommunications and has worked with numerous other Iowa municipalities to expand access there.
- Background on Cedar Falls

- [Cedar Falls Shows Long Term Muni Network Success - Community Broadband Bits Episode 75](#), Institute for Local Self-Reliance
- [Iowa City Expects To Offer Citizens Faster Broadband Soon](#) (10 Gigabit) - Government Technology

Chattanooga, Tennessee

- **TPA does not allege that it is failing** or has failed to pay any debt. In fact, the telecommunications portion of EPB's debt has been entirely paid off. TPA conflates a large grant for the electric department with support for the telecom side. Claims about the repayment timeline rely on a [discredited study from UPenn](#). TPA notes that EPB Fiber has over 100,000 subscribers and a 60% take rate. TPA confused the 6th Circuit reversal of FCC Chairman Wheeler's effort to allow Chattanooga to expand to neighbors with other actions taken by Chairman Pai.
- Background on Chattanooga
 - ["Subs in Chattanooga Up to 100K."](#) Institute for Local Self-Reliance
 - [Chattanooga Fiber Surpasses Expectations. Offers Lessons](#) - Community Broadband Bits Podcast 257 - Institute for Local Self-Reliance

Clarksville, Tennessee

- **TPA does not allege that it is failing** or has failed to pay any debt on time. Clarksville [reported in 2015](#) that the network saves the city \$4.5 million annually in better electric grid management while also contributing more than \$10 million annually back to the electric department and the city in the form of lease payments and payments in lieu of taxes.
- Background on Clarksville
 - [Innovating for Community Benefits in Clarksville, Tennessee - Community Broadband Bits Podcast 373](#), Institute for Local Self-Reliance
 - [CDE Lightband Announced Clarksville Community Network](#) - Clarksville Online

Coldwater, Michigan

- **TPA does not allege that it is failing**, has failed to pay any debt on time, or has had any negative impacts on the community whatsoever. Indeed, TPA notes that the city is considering further investments to upgrade the network.
- Background on Coldwater
 - ["Coldwater, Michigan, Has Thirst for Fiber Upgrades."](#) Institute for Local Self-Reliance

Concord, Massachusetts

- **TPA does not allege that it is failing** or has failed to pay any debt on time, just that revenue did not cover operational costs and debt service after only one full year of operation. The report criticizes Concord for having terms of use that are basically identical to private ISPs.
- Background on Concord
 - [Citizens Continue to Lead the Charge in Concord, Massachusetts - Community Broadband Bits Podcast 399](#)

Crosslake, Minnesota

- **TPA does not allege that it is failing** or has failed to pay any debt on time. Crosslake had been in business for nearly 100 years successfully before selling the network to a local cooperative.

Greenville, Texas

- **TPA does not allege that it is failing.** The report fails to mention that GEUS changed rates starting in January 2020 and [now offers](#) 100 Mbps download for ~\$53/mo and 450 Mbps for ~\$90/mo.
- Background on Greenville
 - [“Greenville: The Texas Muni Cable Network.”](#) Institute for Local Self-Reliance

Groton, Connecticut

- Groton is a network that has struggled and ultimately privatized, one of the few that TPA is correct to criticize. That said, the criticism is still flawed, as the report attributes a study from the New York School of Law, which has issued discredited claims about municipal networks, to New York University, which is actually prestigious.

Harlan, Iowa

- **TPA does not allege it is failing** or that it has failed to pay any of its debt. TPA seems to have forgotten to include background on this network.
- Background on Harlan
 - [“Harlan Continues Bump Up To Fiber In Rural Iowa.”](#) Institute for Local Self-Reliance

Highland, Illinois

- **TPA does not allege it is failing** or that it has failed to pay any of its debt. The biggest criticism TPA offers is that Highland waited too long to reduce its charge for gigabit service to \$95/month.
- Background on Highland
 - [Highland, Illinois, Always Working for A Better Community Network Experience - Community Broadband Bits Podcast 354](#), Institute for Local Self-Reliance

Monmouth and Independence, Oregon

- **TPA does not allege it is failing** or that it has failed to pay any of its debt. MINET has one of the highest take rates of municipal broadband networks and is expanding to nearby locations after changing management in earlier years.
- Background on MINET
 - [Oregon's MINET: New Approach, New Expansion - Community Broadband Bits Podcast 340](#), Institute for Local Self-Reliance
 - [A Tiny Oregon City Has Already Built Its Own Gigabit Internet](#) - Portland Business Journal

Jackson, Tennessee

- **TPA does not allege it is failing** or that it has failed to pay any of its debt. TPA begins by noting a determined minority in the population have tried and failed to convince a majority of the community to oppose the network on multiple occasions.
- Background on Jackson
 - ["Jackson Becomes 7th "Gig City" in Tennessee with Upgrades to its Fiber Network."](#) Institute for Local Self-Reliance

Lafayette, Louisiana

- **TPA does not allege it is failing** or that it has failed to pay any of its debt. The system has not used taxpayer dollars and has created thousands of jobs. TPA relies on a [study which has already issued a retraction](#) about its Lafayette conclusions after admitting it did not correctly understand the debt structure.
- Background on Lafayette
 - [Catching Up With Terry Huval from Lafayette - Community Broadband Bits Podcast 313](#), Institute for Local Self-Reliance
 - [Community Fiber Fallacies: The Reality of Lafayette's Gigabit Network](#) - Institute for Local Self-Reliance

Longmont, Colorado

- **TPA does not allege it is failing** or has failed to pay any debt on time. The report notes that Longmont had a 55% penetration rate by 2018 — a remarkable achievement — but relies on an anti-government website that claims Longmont is at a disadvantage in the market from not offering cable services as well.
- Background on Longmont
 - [Setting the Bar High in Colorado: Longmont's NextLight - Community Broadband Bits Podcast 392](#), Institute for Local Self-Reliance
 - [Five Years In, Longmont's NextLight Stands As National Model](#) - Longmont Times-Call

Marshall, Michigan

- **TPA does not allege it is failing.** It quotes unproven allegations about right-of-way costs and claims Marshall has many homes that already have a choice, using data that often over-estimates competition availability.
- Background on Marshall
 - [Small Town, Big Connections With Marshall FiberNet - Community Broadband Bits Podcast 345](#), Institute for Local Self-Reliance
 - [Internet Service in Marshall Was Slow, So the City Built Its Own Fiber-Optic Network](#) - Battle Creek Enquirer

Monticello, Minnesota

- This is one of the few projects that can legitimately be accused of using taxpayer dollars, which the city has done transparently. The project struggled due to a predatory pricing response from the incumbent operators. Oddly, the critics of Monticello frequently forget that it has been a public-private partnership from the start and not a municipal retail operation.
- Background on Monticello
 - ["Monticello Fiber Price War Offers Key Lessons for Broadband Competition."](#) Institute for Local Self-Reliance
 - [Predator or Prey? Charter Cuts Internet Prices to Compete with City-Owned Network](#) - Ars Technica

Morristown, Tennessee

- **TPA does not allege it is failing** or has failed to pay any debt on time. It is accused of not making a profit, which has never been a goal of the network. TPA doesn't consider whether the network would have been more profitable if it [increased its rates](#) for broadband services, which it did once, after 10 years. 250 Mbps symmetrical broadband Internet access will set you back [\\$40/month](#) in Morristown. TPA relies on a [discredited study from UPenn](#).
- Background on Morristown
 - ["Video: Morristown FiberNET Brings Jobs, Boosts Quality of Life."](#) Institute for Local Self-Reliance
 - [2013 Broadband Bits Podcast Interview](#) - Institute for Local Self-Reliance

Muscatine, Iowa

- TPA notes the overwhelming 94% support from the public in building the network before arguing that the electric utility forgave a significant amount of debt. The network is now upgrading to FTTH. **We doubt a majority of the community considers this a failure.**
- Background on Muscatine
 - ["Muni In Muscatine: Upgrades, Speeds Up, Outperforms."](#) Institute for Local Self-Reliance
 - [MPW Implements Support Measures in Response to Covid-19](#) - Discover Muscatine

Pulaski, Tennessee

- **TPA does not allege it is failing** or has failed to pay any debt on time. Oddly, TPA starts by noting that local officials spent years carefully developing a plan that would work. Allegations that Pulaski could be in trouble come from the [discredited UPenn study](#).
- Background on Pulaski
 - ["Pulaski, Tennessee: 'A Community Investing In Itself' With Better Connectivity."](#) Institute for Local Self-Reliance

Reedsburg, Wisconsin

- **TPA does not allege it is failing** or has failed to pay any debt on time. The criticisms of Reedsburg are that it has more than 62% of the market and it expanded into rural areas to serve people that didn't have broadband.

- Background on Reedsburg
 - [“Revisiting Reedsburg: LightSpeed's All-Gig Telecommuter Paradise - Community Broadband Bits Podcast 327.”](#) Institute for Local Self-Reliance
 - [Reedsburg Utility Re-Brands To Tout Unthrottled Gigabit Internet Service](#) - Reedsburg Times-Press

Salisbury, North Carolina

- TPA notes that the municipal fiber network forced legacy providers to reduce their prices, which then made it more difficult to sustain the business plan. Salisbury used some taxpayer dollars and has now entered into a public-private partnership in attempts to fix their problems. Salisbury did indeed make significant mistakes, though it remains to be seen if they are fatal to the goal of improving Internet access in the area.
- Background on Salisbury
 - [Salisbury Fibrant Launches 10 Gbps Citywide - Community Broadband Bits Podcast 168](#), Institute for Local Self-Reliance
 - [After a Lag, Hotwire Continues Transition From Fibrant](#) - Salisbury Post

Sallisaw, Oklahoma

- **TPA does not allege it is failing** or has failed to pay any debt on time. Sallisaw has 45% of the market as of 2018.
- Background on Sallisaw
 - [“How This Small Oklahoma Town Improves Rural Connectivity: Sallisaw Road Trip.”](#) Institute for Local Self-Reliance
 - [Sallisaw: The First Muni Fiber Network in Oklahoma, Community Broadband Bits Podcast 114](#) - Institute for Local Self-Reliance

Sandy, Oregon

- **TPA does not allege it is failing** or has failed to pay any debt on time. More than 2 out of 3 residents and businesses take SandyNet service, which has been a strong success.
- Background on Sandy
 - [Home of the \\$60 Gig Video](#), Institute for Local Self-Reliance, Next Century Cities
 - [Getting Up To Speed with Sandy, Oregon, Community Broadband Bits Podcast 328](#) - Institute for Local Self-Reliance

Spencer, Iowa

- **TPA does not allege it is failing** or has failed to pay any debt on time. There is an unclear allegation that it may have structured some of its debt in a way to have a small subsidy from the electric utility, but we consider that unproven.
- Background on Spencer
 - [“Spencer, Iowa, About To Go Citywide FTTH.”](#) Institute for Local Self-Reliance

Tacoma, Washington

- TPA says Tacoma Power has used ratepayer funds to fund upgrades and operating expenses from the municipal network. There are conflicting reports as to the existence and extent of subsidies due to the complication of rate allocation models. We think it is fair to claim the municipal network has benefited from some subsidies, but there is no mention here of the benefits from the network from price competition with Comcast alone. The network recently moved to a public-private partnership.
- Background on Tacoma Click!
 - [“Tacoma Develops Lease Plan to Preserve Muni Network Ownership.”](#) Institute for Local Self-Reliance

UTOPIA, Utah

- UTOPIA has been a cautionary tale from which hundreds of municipal networks learned. **TPA focuses on early failures while ignoring recent years** where UTOPIA appears to have turned the corner and is rapidly expanding. It now has a line of cities excited to work with it. TPA also ignores how legacy companies used the Utah Legislature to knee-cap municipal networks in order to discourage broadband competition.
- Background on UTOPIA
 - [UTOPIA Is Not An Unreachable Dream, It's A Network - Community Broadband Bits Podcast 331](#), Institute for Local Self-Reliance
 - [‘People Used To Think It Was a Luxury’: Internet Use is Surging and So Is UTOPIA Fiber](#) - KSL.com

Wilson, North Carolina

- **TPA repeats an incorrect conclusion that has been retracted from the [discredited UPenn paper](#).** Wilson has no “balloon” payment and is current on its debt. The network is a stunning success in a region hard hit by the downfall of tobacco and manufacturing economies. It has been a leader in digital inclusion and brought new high-tech industries to town. Wilson is one of the most successful municipal networks in the country.
- Background on Wilson
 - [Wilson Tackles Digital Divide with Pay Ahead Option - Community Broadband Bits Podcast 291](#), Institute for Local Self-Reliance
 - WRAL Documentary [Disconnected](#) covers Wilson’s Greenlight network