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Preserving Innovation in Telecom Act (PITA)

June 8, 2005

Dear Colleague:

PITA, H.R. 2726, addresses consumer demand for Internet, cable, and telephone services by offering three common sense measures: prohibiting municipal governments from unfairly competing with private entities already serving that area, permitting municipal governments to offer these services in unserved areas, and grandfathering existing networks. **PITA recognizes the role that municipal governments can play in offering these services to unserved consumers, while at the same time protects innovation by prohibiting municipal governments from unfairly competing with private entities.**

Addressing market failure – As several state governments consider bans on municipal governments offering Internet, cable, and telephone services, many municipal governments are left uncertain as to whether or not they can provide these services. PITA provides municipal governments with guidance by allowing them to provide services in areas with market failure and also grandfather in existing services offered by municipal governments.

Granbury, Texas serves as one example of how PITA would allow a municipal government to provide Internet service to unserved customers. High speed Internet is currently provided to four-fifths of Granbury. Under PITA, the city of Granbury would be allowed to offer high speed Internet to the unserved one-fifth of the city.

Protecting the taxpayer – Some municipal governments are putting taxpayer money at risk by duplicating services already offered by private entities. Unfair competition by the government discourages investment by private entities and ultimately leads to consumers having fewer choices of service and outdated technology due to the fact that the government often does not have the financial resources to keep up with that technology.

By wearing two hats, provider and regulator, municipal governments create unfair competition in the marketplace. Their competitive presence drives private entities away from that market and hurts consumers in the long-run. As technological advances progress, consumers are left with fewer service choices and outdated technology.

If you would like to serve as a co-sponsor of PITA, please contact Bobby Hillert in my office via e-mail at Robert.Hillert@mail.house.gov or by telephone at 202.225.2231.

Sincerely,

A handwritten signature in black ink that reads "Pete Sessions".

Pete Sessions
Member of Congress