



February 24, 2017

Joe Hoppe, Chair  
Commerce and Regulatory Reform Committee  
543 State Office Building  
100 Rev. Dr. Martin Luther King Jr. Blvd.  
St Paul, MN 55155

Re: H.F. No. 1665

Dear Representative Hoppe:

The Voice on the Net Coalition (“VON”)<sup>1</sup> writes in support of H.F. No. 1665, a bill that would prohibit regulation of voice over Internet protocol service (“VoIP”) and Internet protocol-enabled service.

Passage of this legislation would align Minnesota with federal law and promote a competitive VoIP market. The statute aligns with federal law because it effectively preempts direct or indirect regulation of Internet protocol-enabled service and Voice over Internet protocol service by the Minnesota PUC or the Department of Commerce. The FCC has recognized a strong federal interest in ensuring that regulation does not hinder the growth of the Internet and the services provided over it, including VoIP and other IP- communications.

VoIP has prospered under the FCC’s light touch regulatory structure. According to an FCC report released in August 2016, VoIP subscriptions nationally grew at an annual rate of 13 percent between June 2012 and June 2015.<sup>2</sup> Specifically, subscriptions grew from approximately 40 million in June 2012, to 57 million in June 2015. Such growth suggests that the absence of state regulation has helped produce a competitive VoIP market, with no adverse consequences to consumers. VoIP subscribers are also broadband subscribers; thus, increasing adoption of broadband is an additional benefit of encouraging VoIP providers to serve Minnesota residents and businesses. Moreover, consumers are protected as the legislation requires VoIP service providers to collect and remit surcharges for specified state programs and to comply with 911 service requirements, to the extent those requirements do not conflict with 911 requirements implemented by the FCC.

At least 31 states and the District of Columbia have already codified regulatory “safe

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<sup>1</sup> The VON Coalition works to advance regulatory policies that enable Americans to take advantage of the promise and potential of IP enabled communications. VON Coalition members are developing and delivering voice and other communications applications that may be used over the Internet. For more information, see [www.von.org](http://www.von.org).

<sup>2</sup> *Voice Telephone Services: Status as of June 30, 2015*, FCC Wireline Competition Bureau at 2 (2016), available at [http://transition.fcc.gov/Daily\\_Releases/Daily\\_Business/2016/db0805/DOC-340665A1.pdf](http://transition.fcc.gov/Daily_Releases/Daily_Business/2016/db0805/DOC-340665A1.pdf).

harbors” for VoIP or IP-enabled communications.<sup>3</sup> These states have recognized that there is no benefit to imposing legacy telephone regulations on VoIP, and that investment will be lost and competition restrained if regulatory ambiguities are allowed to remain in place. No state has repealed such laws once enacted. H.F. No. 1665 creates a safe harbor for VoIP and IP-enabled service providers for the benefit of Minnesota residents and businesses.

Thank you for the opportunity to provide these comments. Please contact me if you have any questions.

Respectfully submitted,

/s/  
Glenn S. Richards  
Executive Director

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<sup>3</sup> Alabama, Arkansas, California, Colorado, Delaware, District of Columbia, Florida, Georgia, Illinois, Indiana, Kansas, Kentucky, Maine, Massachusetts, Maryland, Michigan, Mississippi, Missouri, Nevada, New Hampshire, New Jersey, North Dakota, Ohio, Pennsylvania, Rhode Island, Tennessee, Texas, Utah, Virginia, West Virginia, Wisconsin and Wyoming.