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February 5, 2025

(Via email)

The Honorable Beverly Pingerelli, Chair
The Honorable Justin Wilmeth, Vice Chair
Arizona House Science and Technology Committee

The Honorable Laurin Hendrix, Chair
The Honorable Neal Carter, Vice Chair
Arizona Rules Committee
Arizona State Capitol Complex
1700 W. Washington Street
Phoenix, AZ 85007

Re: HB2930

Dear Members:

The Voice on the Net (VON) Coalition,¹ which represents the nation's leading technology companies, writes to express its opposition to HB2930 and the proposed repeal of ARS Section 40-212, which would unnecessarily repeal the existing prohibition on the regulation of Voice over Internet Protocol (VoIP) by the Arizona Corporation Commission (ACC) and give the Commission sweeping authority to regulate the service, though the intent of the legislation is to provide oversight of broadband services.

Internet communications, including VoIP, have dramatically transformed the way we communicate – allowing for the seamless convergence of voice, video and text. For more than 27 years, VON has worked with federal and state policymakers to advance regulatory policies that will encourage the development and adoption of innovative services – including, most importantly, not applying traditional telephone regulations developed in an earlier century. Today, this light regulatory touch – with the Federal Communications Commission (FCC) providing the necessary oversight -- has led to nearly 65 million VoIP lines now in service throughout the United States, served by more than 1,800 VoIP providers.

As drafted, the proposed legislation would repeal ARS Section 40-212, which was passed in 2018, and prohibited the Commission from regulating VoIP or other IP-enabled services. In its place, the legislation would require the Commission to oversee broadband and VoIP services, and to adopt rules necessary to implement that oversight, including rules to address resiliency and reliability of broadband infrastructure, backup power, and reporting on availability, pricing and adoption of VoIP and broadband services. The Commission would also

¹ For more information see www.von.org.

have the authority to conduct evaluations and audits of provider facilities and infrastructure to evaluate resiliency.

As applied to VoIP, the legislation is both unlawful and unnecessary for the following reasons:

First, this legislation ignores that the FCC in 2004 broadly preempted state regulation of VoIP.² The FCC found that VoIP is practically inseverable for jurisdictional purposes because of the inherent capability to enable subscribers to utilize multiple features that perform and manage different types of communications and can access different websites or IP addresses. The FCC noted that these functionalities were designed to overcome geography, not track it. All VoIP services offered in the marketplace today include the three basic features the FCC identified. They require the use of a broadband connection. They require the use of IP-compatible equipment. And they offer consumers a suite of integrated capabilities and features. Moreover, the proposed legislation ignores the differences between fixed and nomadic VoIP; whereby fixed providers are responsible for the broadband connection and nomadic providers are not. Thus, nomadic providers could not practically comply with many of the obligations related to infrastructure. In short, the Legislature does not need to repeal laws benefitting consumers of VoIP services in order to assert jurisdiction over broadband providers.

Second, consumers are protected because VoIP providers are subject to regulation by the FCC. These regulations include protection of consumer information; required provision of 911 (also part of this legislation); providing notice before discontinuing service; and porting phone numbers if the customer chooses to move to another service provider. Most VoIP providers do not require long-term contracts and unhappy customers can easily transfer service to the dozens of other VoIP providers. Or they can file complaints with the FCC.

Third, state regulation of VoIP is impractical. VoIP providers offer a single, integrated service that includes both local and long distance calling and a host of other features that can be supported from national or regional data centers and accessed by users across state lines. Tailoring the service to meet the regulatory requirements of 50 state regulation commissions creates unreasonable inefficiencies and will prompt service providers to cease offering services in those states.

Please do not hesitate to contact me if you have any questions.

Very truly yours,



Glenn S. Richards
Counsel for the Voice on the Net Coalition

4937-0838-3116 v1 [109684-1]

² See *Vonage Holdings Corp.*, 19 FCC Rcd 22404 (2004); see also *Minnesota Public Utilities Commission v. FCC*, 483 F.3d 570 (8th Cir. 2007) (upholding the FCC decision).