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**Among the issues are what speed Congress should define as broadband and whether government money should be funneled only to areas that have no broadband access, or if it should also subsidize upgrades to existing networks.**

DECEMBER 30, 2008

Policies under serious consideration are corporate tax credits to build new wireless or landline infrastructure, government-backed broadband "bonds" and grants to companies or local governments, legislative aides and lobbyists close to the process say. There also is strong agreement that low-income consumers need to be encouraged to sign up for broadband -- for example, through vouchers to purchase computers or discounts on monthly service.

President-elect Barack Obama's call to improve the nation's broadband Senate Finance Committee and Commerce Committee members are drawing up a few options, as are House members such as California Rep. Anna Eshoo and Massachusetts Rep. Ed Markey, chairman of the telecommunications subcommittee. The Obama transition team's point person has been former Federal Communications Commission chief of staff Blair Levin. and quantity of high-speed web access in the U.S. The U.S. has slipped

"There aren't any quarrels about the need for more broadband," says Ms. Eshoo, who outlined a series of broadband stimulus options in a memo to the House leadership in October. "It's a matter of how we're going to do it and the actual language."

The Obama transition team declined to comment.

Large cable operators are seeking to increase the FCC's definition of broadband download speed to about five megabits per second, about 6½ times as fast as the current definition, according to people familiar with the situation. Internet-service providers building out "unserved" regions, where service of that speed isn't available, would be given the full benefit of tax incentives or grants.

The big cable providers also want to target "underserved" areas, where there is only one broadband provider or the service isn't widely available. In those markets, companies would get incentives to build out next-generation services. The download speed that would qualify as next-generation would likely be in the range of 40 to 50 megabits per second, people involved in the discussions say.

The cable plan would disadvantage phone companies, especially smaller ones whose digital-subscriber-line services are slower than cable modems. The Independent Telephone and Telecommunications Alliance, which represents midsize phone companies, is pushing for a slower broadband standard, in the range of 1.5 to three megabits per second. Curt Stamp, the group's president, says the federal largesse should be used to subsidize carrier investments in rural areas rather than to finance upgrades to their existing networks.

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Wireless services will likely be able to qualify as broadband at a slower download speed than landline services. But if the mark is set above two megabits per second it could be a boost for [Clearwire Corp.](#), a start-up operator that is rolling out a WiMax network capable of download speeds of two to four megabits per second. Other carriers weren't planning major wireless upgrades until at least 2010.

Equipment makers such as [Cisco Systems Inc.](#) and [Motorola Inc.](#) stand to benefit if carriers undertake massive upgrades. Carl Russo, CEO of [Calix](#), which supplies equipment to phone and cable providers, says Congress should define broadband as 10 megabits per second so the networks it builds now will be able to support bandwidth-hogging applications of the future, such as high-definition video.

"Remember, you only get to do this once, so you want to build the widest highway possible," Mr. Russo says. The Telecommunications Industry Association, which represents equipment makers, is pushing for a \$25 billion grant program for Internet service providers. Under another proposal that is being discussed, grants could go to state and municipal authorities, which would build high-speed networks and then open them up to competing service providers. That would likely meet with considerable resistance from large carriers like Verizon Communications Inc., which have challenged attempts by local governments to build and operate their own wireless or high-speed fiber networks.

Steve Davis, senior vice president of policy for [Qwest Communications International Inc.](#), says the big phone company wouldn't object to public broadband projects in areas that currently have no high-speed Internet service, provided private operators have a right of first refusal in building the networks.

