



# NEWS

## AMERICANS FOR TAX REFORM

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## FCC Approves Nextel Spectrum Plan

*Agency Addresses Interference Problem by Allowing Company to “Trade Up,” Offsetting Some Costs*

WASHINGTON – The Federal Communications Commission (FCC) today handed down a 5-0 decision approving a proposal by wireless company Nextel to alleviate interference problems with public safety channels such as police and fire by reassigning the company’s spectrum license from its current slice of the 800 MHz spectrum range to the more valuable 1.9 GHz range. The Commission required Nextel to present a \$2.5 billion letter of credit to cover relocation costs for other 800 MHz incumbents, as well as to pay an “anti-windfall” for the difference between the \$2.5 billion plus the value of its current spectrum, and \$4.8 billion -- the FCC’s determined value for the 1.9 GHz spectrum.

While the FCC’s decision was not perfect – for instance, potentially undervaluing the value of the new spectrum which could be worth as much as \$10-12 billion – there is a positive in that the FCC is recognizing that spectrum has dollar value. Also, requiring Nextel to pay relocation costs and the difference between the value of the old and new spectrum was a more responsible approach than simply handing over the new spectrum at taxpayer expense, as some had proposed.

“It’s positive that the FCC at least made an attempt to recoup some of the value of the 1.9 GHz spectrum from Nextel rather than simply giving it away in exchange for much less valuable spectrum.” said Grover Norquist, president of Americans for Tax Reform. “An auction would have been a better way to address the allocation of this spectrum, though. That way we’d have a much better idea of its value on the open market, which is how spectrum should be traded in the first place.”

“All spectrum should be privately owned. It should be sold off at competitive auctions. This way the true value is guaranteed,” Norquist concluded.

The issue isn’t resolved, however. A number of Nextel’s competitors, angry with the apparent giveaway, are likely to challenge the FCC’s ruling in the courts. Meanwhile, Congress will decide whether to take action of its own.

Americans for Tax Reform is a non-partisan coalition of taxpayers and taxpayer groups who oppose all federal and state tax increases. For more information or to arrange an interview please contact Jonathan Collegio at (202) 785-0266 or by email at [jcollegio@atr.org](mailto:jcollegio@atr.org).