
WASHINGTON, D.C. (September 14, 2016): Today, the Multicultural Media, Telecom and Internet Council (MMTC) released a White Paper, “Incentives for Secondary Market Transactions to Facilitate Wireless Entrepreneurship for Minority and Women Owners,” outlining four incentives to cultivate minority ownership of commercial wireless spectrum. MMTC calls for both Congress and the Federal Communications Commission (“FCC”) to develop market-based incentives that advance competition and innovation, while increasing minority and women entrepreneurship in the wireless communications space, especially in spectrum licenses and the operations of assets.

In the White Paper, MMTC finds that “Congress and the FCC can address the persistence of the negligible representation of minority- and women-owned business enterprises (collectively, ‘MWBEs’) in the wireless industry through the development and support of incentives for MWBEs.” MMTC proposes that the focus be on secondary market transactions, which are largely used to facilitate the leasing or sale of large companies’ non-core spectrum holdings and the following four market-based incentives:

1. Restore and refine the Tax Certificate Policy for immediate application to secondary market transactions, enabling sellers to defer payment of the capital gains taxes on the sale upon reinvestment in comparable property. This initiative requires legislation.

2. Consider voluntary secondary market transactions with minority business enterprises (“MBEs”) and women-owned business enterprises (“WBEs”), collectively MWBEs, as factors in determining whether to report to Congress that the mobile wireless marketplace is competitive. This initiative can be adopted by the FCC under its existing statutory authority.

3. Incorporate voluntary secondary market transactions with MWBEs as part of mergers and acquisitions (“M&A”) regulatory review, including whether to give carrier rule waivers relating to ownership. This initiative can be adopted by the FCC under its existing statutory authority.

4. Award carriers a bidding credit when, or after, they engage in voluntary secondary market transactions with MWBEs in wireless auctions. This initiative can be adopted by the FCC under its existing statutory authority.

“Despite the FCC’s launch of several profitable and successful spectrum auctions over the last two years, the nominal participation of MWBEs continues at an abysmal pace,” stated MMTC President and CEO and co-author Kim Keenan. “We need to find alternatives that break the cycle of exclusion for MWBEs who can actually generate and return greater economic value to our communities. One thing is clear, if we continue on our current path of inaction, we will continue to leave minority and women-owned businesses out of even the chance to innovate and create opportunity in the nation’s telecommunications industry.”

“There is a way to foster minority ownership of commercial wireless assets and it’s through the secondary market,” stated MMTC President Emeritus and co-author David Honig. “The FCC made progress on the DE program, but now we need a concerted effort of both the agency and Congress to ensure a more inclusive marketplace of opportunities.”

The White Paper also points to various reasons why MWBEs should be offered opportunities to participate in the secondary market by pointing to their abilities to invest, hire, and innovate within the communities that they serve. The White Paper also cites to MMTC’s 2014 research that made the same case about the underrepresentation of minority ownership in the FCC’s Designated Entity (DE) program designed to incentivize small businesses, MWBEs, and rural telcos.
The full White Paper is available here.

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About MMTC:
The Multicultural Media, Telecom and Internet Council (MMTC) is a non-partisan, national nonprofit organization dedicated to promoting and preserving equal opportunity and civil rights in the mass media, telecom and broadband industries, and closing the digital divide. MMTC is generally recognized as the nation’s leading advocate for minority advancement in communications.