Insight

Small Businesses Bear the Brunt of Network Neutrality Rules

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The Federal Communications Commission (FCC) admits at least 90 percent of the businesses that will be burdened by the new utility-style network neutrality regulations will be small businesses.

As required by law, the FCC must estimate the effect the new rules will have on small business. In total, 20,640 companies will be affected, of which 18,532 are considered small businesses by the Small Business Administration.

The new rules will invariably impose new compliance costs on businesses, which will hit small businesses like rural internet service providers (ISPs) and wireless carriers the hardest. In a filing on this issue, the Rural Wireless Association noted that they were extremely quick to adapt to previous rules by the FCC, but were dismayed as "engaging in a similar endeavor to comply with new and/or more stringent rules would be costly and further strain rural carriers' limited resources." While there has been much ire directed at cable companies in this rulemaking, as explained in the final order, "all but ten cable operators nationwide are small under this size standard." Overwhelmingly, the companies affected will be small businesses. Those big companies will likely weather the legal storm, but the same cannot be said of the smaller broadband providers.

Only now are the full details of the network neutrality rules becoming clear, and sadly, small businesses and their consumers are in the crosshairs.

Firm Service	Number of total firms	Firms the FCC ranks as small
Broadband Internet Access Service Providers supplied over providers own facilities	3,188	3,144[1]
Broadband Internet Access Service Providers supplied over client supplied connections	1,274	1,252
Incumbent Local Exchange Carriers (ILEC)	1,307	1,006
Competitive Local Exchange Carriers (CLECs) and Competitive Access Providers (CAPs)	1,442	1,256
Shared-Tenant Service Providers	17	17

Other Local Service Providers	72	70
Interexchange Carriers	359	317
Operator Service Providers	33	31
Wireless Telecommunications Carriers (except Satellite)	1,383	1,368[2]
Wireless Telephony	413	261
Satellite Telecommunications Providers	570	530
Satellite Telecommunications Providers, Other	1,274	1,252[3]
Cable and Other Program Distributors	2,048	1,393[4]
Cable Companies	1,141	1,131
Cable Systems	4,945	4,380
Electric Power Generators, Transmitters, and Distributors	1,174	1,124[5]
Total	20,640	18,532

[1] This is a conservative estimate. The Small Business Administration small business size standard of 1,500 or fewer employees does not match perfectly to the Census Bureau data, which listed 3,188 firms in this category, 3144 of which had employment of 999 or fewer employees.