# Spectrum Auctions are a Hidden Growth Engine

Paul Winfree, Ph.D., President & CEO
Amelia Kuntzman, Research Assistant
June 5, 2025

One of the most pro-growth, but sometimes overlooked, provisions in the One Big Beautiful Bill is the creation of a spectrum pipeline. Granting the Federal Communications Commission (FCC) the authority to auction spectrum bands would spark innovation and bolster U.S. communication dominance – all without adding to the federal deficit. In fact, spectrum auctions would produce so much government revenue that it would serve as a tremendous offset for extending the expiring tax cuts.

## What is Radio Spectrum?

Radio spectrum refers to the range of electromagnetic frequencies used for transmitting data. It is inherently scarce and the backbone of modern communications technologies ranging from 5G mobile broadband, cellphones, Wi-Fi, GPS navigation, air-traffic control, and more.

Federal licensing rules control who may transmit on which bands and for what purpose. Since 1994, the FCC has been auctioning spectrum to private companies, allowing the highest bidders to use bands for commercial purposes.

Efficient spectrum allocation is essential to America's technological and economic success. By auctioning spectrum, the federal government ensures this scarce resource is directed toward the most promising innovations, such as next generation 5G networks. Each new wave of mobile technology brings increased demand for spectrum.

Spectrum is also a strategic asset in America's competition with China as the country aims to expand its influence through state-controlled technology giants. It's vital for the United States to maintain its lead in wireless innovation.

## Valuing the Invisible

Spectrum is more than a driver of innovation – it's a powerful economic engine. The wireless industry supports millions of jobs and contributes trillions to gross domestic product. Spectrum auctions are the fuel behind this ecosystem with growth benefits that ripple across sectors.

Perhaps most important for Congress not to overlook is the revenue spectrum auctions generate without increasing taxes. Not only do they generate direct proceeds, but they also promote broader economic activity that expands the tax base.

However, valuing spectrum in advance of auctions is inherently difficult. The true market price is revealed only through the competitive bidding process. The Congressional Budget Office (CBO) therefore often adopts a cautious approach and produces conservative projected revenue scores for auctions.

But history tells a different story. Over the past 20 years, actual auction revenues have exceeded CBO projections by 167%. Without completely adjusting for unauctioned or co-mingled spectrum blocks, cumulative auction revenues surpassed CBO's estimates by a whopping $97 billion. Private companies are willing to compete at an exceedingly high level for this scarce resource.

## Airborne Assets Tucked in the One Big Beautiful Bill

The House's One Big Beautiful Bill restores the FCC's auction authority over the next 10 years while establishing the crucial framework for identifying spectrum bands and scheduling future auctions. This spectrum pipeline would reduce the federal deficit by tens of billions of dollars and ensure auctions don't get ahead of the policymaking process.

It's also important to note that the highest-bidding companies don't purchase spectrum outright – they essentially lease it. This ensures spectrum will be reallocated over time to its most efficient technological use.

## A Rare Policy Triumph at Congress' Fingertips

Spectrum auctions are tailor-made for this reconciliation moment. They offer a way for Congress to responsibly offset the expiring tax provisions, while driving private-sector innovation and spurring economic growth.

It's a wonder the Biden administration ignored the opportunity to grant spectrum auction authority. Congress ought to not make the same mistake.