



February 5, 2018

Representative Phil Barnhart, Chair
House Committee on Revenue
900 Court Street, NE, HR A
Salem, OR 97301

RE: HB 4027

Dear Chair Barnhart and Members of the Committee:

Thank you for the opportunity to comment on HB 4027. The City of Portland urges your support for HB 4027 to phase out the central assessment “gigabit” exemption created in the 2015 Oregon Legislature by SB 611.

SB 611 attempted to incentivize the build out of high-speed, affordable internet access. But SB 611’s promise has not been realized. In the City’s experience, companies entering the internet marketplace increasingly rely on innovative wireless technology rather than laying cables and fiber to each residence. A wireless approach means less construction, less time and significantly less cost overall. For example, when SB 611 was passed, Google was planning to build a high-speed fiber system in Portland. But Google did not build the system and is focused instead on bringing high-speed and affordable internet to customers using wireless technology.

Since passage of SB 611, it has also become clear that existing companies are pursuing the tax exemption based on qualifications that do not meet the intent of the bill. For example, the Oregon Public Utility Commission ruled that Comcast met the exemption, but the Department of Revenue subsequently declined to grant the exemption.¹ Comcast filed a complaint with the Department, arguing it met the gigabit exemption by offering a service that costs as much as \$4,600 in the first year.² Such an exemption does not meet the intent of SB 611 to incentivize fast and affordable internet access.

Transparency in the state agency review of applications for the tax exemption also raises concerns because most content on the application is redacted. As a result, local jurisdictions

¹ M Rogoway, “Comcast loses key Oregon tax rulings, with ‘tens of millions’ at stake”, *The Oregonian* (May 26, 2016) http://www.oregonlive.com/silicon-forest/index.ssf/2016/05/comcast_loses_key_oregon_tax_r.html (Site visited February 22, 2017)

² M Rogoway, “Comcast fights \$170 million Oregon tax bill, extending seven-year dispute”, *The Oregonian* (November 28, 2016) http://www.oregonlive.com/silicon-forest/index.ssf/2016/11/comcast_fights_170_million_ore.html (Site visited February 22, 2017)



cannot effectively evaluate an applicant's claim of public benefits, even though local jurisdictions bear the impact of lost tax revenue if the exemption is granted.

HB 4027 will appropriately phase out the gigabit property tax exemption. The City also supports amendments to provide a clear start and end date for the phase-out.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read 'Ann Goldenberg', with a large initial 'A' and a stylized flourish at the end.

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