



April 1, 2019

Members
Oregon House Committee on Revenue
Oregon House of Representatives
Salem, OR 97301

Re: HB 2184

Dear Chairman Nathanson and Members of the Committee:

On behalf of CITA, the trade association for the wireless communications industry, I write in opposition to HB 2184. This legislation would result in wireless consumers paying in excess of \$30 million annually in new Oregon Universal Service Fund (OUSF) surcharges on voice telephone to increase current funding for "traditional" OUSF and support a new broadband program.

Under federal law, state USF surcharges can only be applied to Intrastate telephone service. Interstate telephone service is subject to the federal USF charge, and Internet Access and other information services are not subject to either state or federal USF surcharges. Even with this decrease in the 8.5 percent surcharge to 7 percent as proposed in the bill, Oregon will have one of the highest USF surcharges in the country.

Under HB 2184, the surcharge imposed on wireless consumers would increase the funding for landline providers under the "traditional" OUSF and would go to a "broadband fund" that would be used to pay for broadband service infrastructure in unserved areas of the state.

While it is a worthwhile goal to fund bringing broadband retail service to underserved areas of the state, it does not make sense to impose a new tax on wireless Intrastate voice service to subsidize a completely different service -- broadband. Why should Oregonians -- including those with low and moderate incomes - pay a fee on wireless voice service to fund broadband networks? Instead, these efforts should be funded from the Oregon General Fund as all Oregonians receive the benefit of additional users of broadband service.



The proposed new surcharges on wireless consumers would be regressive, imposing a significantly higher burden on the poorest Oregon residents. Recent US government studies show that over 68 percent of poor adults have “cut the cord” and rely solely on wireless for telephone service.¹ These poorer Oregon residents tend to purchase less expensive wireless plans that include a higher proportion of assessable voice service than the more expensive plans with unlimited data/ Internet access. Since the OUSF charge would only apply to Intrastate voice service and not Internet access, the fee would fall disproportionately on residents of modest means.

Therefore, we urge you not to support HB 2184.

Sincerely,

Director, State Legislative Affairs

¹ Stephen J. Blumberg and Julian V. Luke, “Wireless Substitution: Early Release Estimates from the National Health Interview Survey, July-December 2017,” National Center for Health Statistics, June 2018, pp. 1-3.

<https://www.cdc.gov/nchs/data/nhis/earlyrelease/wireless201806.pdf>