



May 14, 2013

Honorable Phil Barnhart, Chair  
House Committee on Revenue  
900 Court St. NE  
Salem, OR 97301

RE: Support of HB 2455 with -1 amendments - Privilege tax on communications services

Dear Chair Barnhart and Members of the House Committee on Revenue:

I would like to express my support for HB 2455 as amended by the proposed -1 amendment. The amended bill would promote fairness and allow for healthy competition in Oregon's telecommunications market.

HB 2455 as amended would repeal statutes made obsolete by the passage of the federal telecommunications law in the mid 1990's. Since that time, Oregon local governments have attempted to manage private use of public right of way in a manner that does not present a competitive disadvantage to any of the many telecom providers now doing business in our city, as federal law requires. This has been made difficult by these statutes, which give special status to rate-regulated providers.

Currently, these statutes favor rate-regulated providers in the following ways:

- They allow rate-regulated providers to limit the compensation payable for their use of public right of ways to a percentage of their "local exchange access" revenue only, in other words, from the revenue they collect from providing dial tone over wire line telephones.
- They allow these providers to deduct permit fees, charged for such matters as plan review and inspection of their work in the right of way, from the "franchise fee" charged as a percentage of their wire line revenue.

The bill as amended would enable Oregon cities to treat all private telecom providers of similar services more equitably in determining the compensation payable for their use of and impact upon publicly financed and publicly maintained infrastructure.

Sincerely,

A handwritten signature in blue ink that reads "David R. Waffle".

David R. Waffle, ICMA-GM

Assistant Finance Director