



**OREGON**  
TELECOMMUNICATIONS  
ASSOCIATION

**Testimony of Brant Wolf**  
**Oregon Telecommunications Association**  
**HB 2455**  
**House Revenue Committee**  
**March 1<sup>st</sup>, 2013**

My name is Brant Wolf and I represent the Oregon Telecommunications Association (OTA). The OTA is a trade association comprised of small independent telephone companies as well as large telecommunications companies and competitive local exchange carriers. These companies provide state of the art telecommunications services in remote rural Oregon as well as more urban areas. The OTA appreciates the opportunity to provide testimony on this bill.

The OTA agrees with the bill's proponents that the privilege tax statute needs to be reviewed and modernized to accurately reflect the current state of the telecommunications industry. However, if HB 2455 is meant to level the playing field between entities that are now required to pay a municipal franchise fee, it does not accomplish that goal.

By seeking to alter the landscape and replacing the current 7% of gross exchange access services limit with an as yet to be defined percentage of a broader definition of telecommunications service, the OTA believes that the playing field then would possibly tilt in favor of the bill's proponents.

Additionally, as traditional landline telecommunications carriers continue to lose business to competitors such as Comcast/NBC/Universal and wireless carriers, the added tax burden is shifted to a decreasing base. This would lead to and indeed accelerate the loss of revenue to municipalities. This increased burden would be placed most commonly on small businesses and others who do not desire to have a wireless only telecommunications home.

Further, the OTA believes that a true modernization effort should encompass all providers of telecommunications service. The original intent of a privilege tax – to compensate a city for the management and use of the public right of way – has faded into the past. The OTA believes that privilege taxes and franchise fees are now used to help local governments fulfill general budget obligations.

More generally, there are a couple of other concerns we have:

- How is the new fee to be passed on to consumers?
- How are current franchise agreements impacted?
- What about players such as Skype and Vonage?

Thank you for this opportunity to express our concerns. I would be happy to address any questions.

# Oregon Telecommunications Association Members

## **Independently Owned and Investor Owned Local Exchange Carriers**

Asotin Telephone Company d/b/a TDS Telecom  
Cascade Utilities, Inc. d/b/a Reliance Connects  
CenturyLink  
Eagle Telephone System, Inc.  
Frontier Communications  
Helix Telephone Company  
Home Telephone Company d/b/a TDS Telecom  
Midvale Telephone Exchange  
Monroe Telephone Company  
Mt. Angel Telephone Company  
Nehalem Telecommunications  
North-State Telephone Company  
Oregon Telephone Corporation  
Oregon-Idaho Utilities, Inc.  
People's Telephone Company  
Pine Telephone System, Inc.  
Roome Telecommunications, Inc.  
Trans-Cascades Telephone Company

## **Telecommunications Cooperatives**

Beaver Creek Cooperative Telephone Company  
Canby Telephone Association d/b/a Canby Telcom  
Clear Creek Mutual Telephone  
Colton Telephone Company d/b/a ColtonTel  
Gervais Telephone Company  
Molalla Telephone Company d/b/a Molalla Communications  
Monitor Cooperative Telephone Co.  
Pioneer Telephone Cooperative  
Scio Mutual Telephone Association  
St. Paul Cooperative Telephone Association  
Stayton Cooperative Telephone Co.

## **Competitive Local Exchange Carriers**

CAL-ORE Communications  
Douglas Fast Net  
Eastern Oregon Telecom  
Minet  
Pacific Wave Communications  
Warm Springs Telecom

### City of Stayton Franchise Tax - 2010

JAN	3,395.68
FEB	3,386.16
MAR	3,367.75
APR	3,425.54
MAY	3,341.57
JUN	3,262.05
JUL	3,280.06
AUG	3,273.99
SEP	3,265.76
OCT	3,232.06
NOV	3,232.30
DEC	3,211.20
<b>Total</b>	<b>39,674.12</b>

### City of Stayton Franchise Tax - 2011

JAN	3,184.81
FEB	3,149.67
MAR	3,149.28
APR	3,124.05
MAY	3,120.32
JUN	3,103.71
JUL	3,063.08
AUG	3,019.38
SEP	3,009.36
OCT	2,990.70
NOV	2,946.40
DEC	2,942.73
<b>TOTAL</b>	<b>36,803.49</b>

### City of Stayton Franchise Tax - 2012

JAN	2937.64
FEB	2951.52
MAR	2923.38
APR	2913.66
MAY	2922.41
JUN	2881.56
JUL	2804.51
AUG	2780.05
SEP	2771.62
OCT	2759.42
NOV	2729.17
DEC	2721.59
<b>TOTAL</b>	<b>34,096.53</b>

**Brant Wolf**

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**Subject:** FW: Canby City Telephone Franchise Fees

Pursuant to your call last week, below are the telephone Franchise Fees that were paid to the City of Canby by Canby Telcom from 2006-2011.

2006--	\$92,801.30
2007--	\$90,299.95
2008--	\$92,056.44
2009	\$77,732.32
2010--	\$67,365.39
2011--	\$61,911.71

Keith Galitz