



March 1, 2019

Members  
Senate Committee on Business and General Government  
Oregon Senate  
Salem, OR 97301

Re: SB 300

Chairman Riley and Members of the Committee:

On behalf of CITA, the trade association for the wireless communications industry, I write in opposition to SB 300, which changes state statute to require that the Oregon Universal Service Fund (OUSF) surcharge be imposed on all wireless voice telephone service. This legislation would result in wireless consumers paying in excess of \$45 million annually in new OUSF surcharges on voice telephone service to support carriers who provide basic telephone and broadband service.

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. Currently, Oregon has one of the highest USF surcharges in the country at 8.5 percent of Intrastate revenues.

Under SB 300, the surcharge imposed on wireless consumers would basically double the amount of funding available for landline providers, yet there has been no demonstration of need.

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.<sup>1</sup> These poorer Oregon residents tend to purchase less

---

<sup>1</sup> 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>



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 surcharge 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 SB 300.

Sincerely,

Lisa V. McCabe  
Director, State Legislative Affairs