



**Testimony Before the House Revenue Committee
Relating to Support of HB 2184
April 2, 2019**

Submitted by Jim McCauley, Legislative Director League of Oregon Cities

Chair Nathanson, Vice-Chairs Findley and Marsh, on behalf of Oregon's 241 cities we are offering the following comments in support of HB 2184.

The LOC has testified in the House Economic Development Committee in support of both HB 2173 and HB 2184. These bills provide the basis for one of the 6 legislative concepts adopted as the League's 2019 legislative priorities. It reflects a priority shared by all communities across Oregon, big and small and the importance of reducing the digital divide.

In Oregon, that divide is estimated at 400,000 people who don't have internet at home or 26 school districts without access to a robust and reliable high-speed internet. In many communities' individuals and students are limited to their local library if one exists, or perhaps the local fast food chain to do their homework, access the internet for job applications or a host of other functions many of us don't give a second thought to in the comfort of our home or office.

Broadband deployment and the resulting High-speed Internet is the electricity for the future. It should be part of every community's basic infrastructure as much as water, sewer, and transportation is today.

HB 2184 is a key financial tool to close a very real digital gap in rural Oregon. It should be no surprise that the key contributing factor for broadband deployment is money. The expansion of the telecommunications system in Oregon as in every state comes from a combination of private and public investments. HB 2184 expands the Oregon Universal Service Fund (OUSF) allowing for the Oregon Public Utility Commission to collect surcharge applied to only a segment of cell phone usage effectively capturing intrastate calls and text messages. Any data usage associated with video, texts out of state or calls out of state are not part of the surcharge.

It should be noted that cell phones have been exempt from this surcharge since the OUSF was established in 1999. For the last 20 years, well over 100 hundred million dollars has been generated by the OUSF to extend, maintain, and repair critical infrastructure in the telecommunications network in Oregon. Without question, some of the infrastructure created or maintained has had a direct benefit to the wireless industry without their direct participation in the fund. For anyone to suggest there is little value or some cross-subsidy of infrastructure not needed by the wireless industry simply ignores the mechanics of communication works.

Given the emergence of new technology with (small cell and 5G), demand for more reliance on broadband infrastructure in the future will only accelerate. If the current OUSF funding system was used for transportation infrastructure, front wheel drive cars would be charged while all-wheel drive would be exempt from fees even though both use the same transportation system.

Passage of HB 2184 will;

- Expand the communication grid that allows kids growing up in small communities to have the same opportunity in school and at home that kids who grow up in Beaverton, Eugene or Portland have.
- Create a critical piece of infrastructure for Oregon's small businesses who may be isolated in the smaller communities and struggle with competing for business.
- Provide farms and agricultural operations not located next to an urban strip the ability to compete on a more even playing field than what's available today.
- Provide a critical health care link for people and families who are not close to health services.

HB 2184 is an absolute win for rural Oregon. Don't wait for another study or the digital divide will continue to widen and leave rural Oregon on the outside looking in, please support HB 2184.