REVENUE IMPACT OF PROPOSED LEGISLATION

79th Oregon Legislative Assembly
2018 Regular Session
Legislative Revenue Office

Bill Number:	HB 2184 B
Revenue Area:	Telecom
Economist:	Jaime McGovern
Date:	05/17/2019

Only Impacts on Original or Engrossed
Versions are Considered Official

Measure Description:

Modifies definitions applicable for purposes of universal service charge. Subjects sale of retail commercial mobile radio services and retail interconnected voice over internet protocol services subject to universal service surcharge. Sets rate cap at six percent of sale of services subject to surcharge. Establishes total cap of annual universal service fund collections. Establishes Broadband Fund with annual collections cap.

Revenue Impact (in $Millions):

	Biennium		
	2019-21	**2021-23**	**2023-25**
OUSF	2.2	3.1	-4.6
Broadband Fund	8.0	0	0
Total Revenue Change	10.2	3.1	-4.6

Impact Explanation:

This bill broadens the OUSF affected base of telecom providers by including wireless and VOIP service providers, and also lowers the assessment rate from 8.5% to 6%. Wireless customer base has been growing, but the assessable portion of the bill has been shrinking. Therefore, in the first two biennium, the positive revenue impact of a broadened base swamps the effect of the lower rate and declining bill portion, and there is a net revenue gain. In the latter years, however, it is estimated that lowered assessable bill portion and lower assessment rate have a stronger effect than the broadened base, and the net revenue impact is negative.

By the language of the bill, and the established caps, the OUSF fund takes priority until the total annual revenue reaches $28 million. Any amount between that and $33 million is allocated to the Broadband Fund. Hence, in the first biennium, both the OUSF and Broadband Fund experience a positive revenue impact. In the second biennium, revenues are not forecasted to exceed the priority OUSF cap, and therefore, the Broadband Fund is expected to receive no revenue.

Creates, Extends, or Expands Tax Expenditure: Yes ☐ No ☒