



June 24, 2020

Joint Committee on the First Special Session of 2020
900 Court St. NE
Salem, OR 97301

RE: Support for SB 1603 – Rural Telecommunications Investment Act

Dear Co-Chairs Peter Courtney and Tina Kotek -

On behalf of Oregon's 241 cities, the League of Oregon Cities (LOC) is offering the following comments in support of SB 1603.

Currently, there is a very real and widening digital divide in Oregon. Communities, primarily in rural areas, are without broadband access. In the last few months, we have seen the digital divide front and center with the COVID-19 crisis. As people continue to work from home, teach from home and technology rapidly progresses, those without broadband at all or without good reliable broadband are at risk for being continually left behind.

SB 1603 will help close that divide by expanding the Oregon Universal Service Fund (OUSF) to include cell phone users in the fee pool. The OUSF was established in 1999. The OUSF is designed to support local telephone companies to ensure that basic telephone service is available at reasonable and affordable rates in higher-cost rural areas throughout the state. The OUSF has always included traditional telecommunications/landline users. Landline companies are also responsible for a lot of the existing broadband in rural areas. That landline and broadband infrastructure serves as backhaul for wireless infrastructure. Therefore, cell phone users should help pay for the infrastructure that ultimately benefits them. The additional funds generated by adding cell phone users to the fee pool of the OUSF will establish a sustainably funded broadband grant program within the newly established Broadband Office.

Many cities want to invest in broadband infrastructure, but do not have the cash on hand to do so. Rural cities typically have smaller budgets and smaller staff sizes which forces them to prioritize where their limited dollars will go. Now, more than ever, cities are facing revenue and budget short falls due to the COVID-19 pandemic. This continual funding for broadband will be more important as city budgets recover. The Broadband Fund will help cities leverage millions of dollars of federal funds out there. Many federal programs require up to a 10% state or local match to access federal dollars. The Broadband Fund will be one potential source for that match. Some federal programs, like USDA Reconnect, require that a community have a broadband strategic plan in place to qualify for federal dollars. The Broadband Fund will provide grants for communities to develop broadband strategic plans, so they will be one step closer to applying for broadband infrastructure dollars. It is important to note that many cities who apply for federal or state broadband money, must apply multiple times to multiple sources to receive the funding that is needed for their projects.

Most will agree that broadband is now vital to almost every part of life. It is vital to healthcare, public safety, business, teaching and learning, and entertainment. The time is now to treat broadband connectivity like any other essential utility, like water and electricity, and invest in it widely. People in Oregon should not be left behind because of where they live.

LOC urges your support for SB 1603.

Sincerely,

Jenna Jones
League of Oregon Cities