



Oregon Citizens' Utility Board

Just the Facts

SB 1603 (LC 39) – Rural Telecommunications Investment Act

SB 1603 – the Rural Telecommunication Investment Act (RTIA) – has two important goals, both of which demand immediate action in light of the COVID-19 pandemic:

1. Solve a long-standing Oregon Universal Service Fund (OUSF) fairness issue with a fix to lower costs for traditional landline and certain voice over internet protocol customers;
2. Establish a sustainable fund for rural broadband deployment and community planning.

Opponents are led by out-of-state special interest groups. At the top of this list are multi-billion-dollar wireless carriers and their lobbies.

Proponents are led by Oregon's home-grown telecommunications industry, consumer advocates, public schools, libraries, both urban and rural cities and counties, the Oregon Broadband Advisory Council, tele-health providers, Oregon's public research institutions, the Oregon Farm Bureau, and dozens of other business, non-profit, and public interest groups.

What's True:

- The 1999 legislature created the OUSF to ensure safe, reliable, and affordable advanced communications across Oregon. 20 years ago, advanced communication services referred largely to traditional telephony.
- The Public Utility Commission carefully administers the OUSF by applying an 8.5 percent surcharge on intrastate calls of all landline and only certain voice over internet protocol (VoIP) customers. The 1999 OUSF legislation exempted the wireless industry.
- All wireless and VoIP carriers use networks maintained by the OUSF. This is unfair for telephone utilities and their customers, many of whom are older, rural, and low-income.
- SB 1603 solves this fairness issue by spreading a lower 6 percent surcharge across the intrastate portion of all voice customers' bills, including wireless and VoIP.
- Solving for the fairness issue will stabilize and cap the existing fund at \$28 million (where it is today) and sustainably generate up to \$5 million for rural broadband infrastructure and community planning grants annually.

- The State E-Board recently approved \$20 million in federal CARES Act dollars for shovel ready broadband projects. These monies must be spent before the end of 2020. Broadband grants from RTIA will sustain broadband deployment and local capacity beyond 2020.

What's False:

- The out-of-state wireless lobby falsely claimed on the public record that SB 1603 would raise in excess of \$30 million on their companies and customers alone. **This is demonstrably false. SB 1603 caps the existing fund at 28 million and the separate Broadband Fund at \$5 million for a total of \$33 million annually. Both funds will be paid for by all customers at a lower 6 percent intrastate surcharge – whereas today the OUSF is only paid for my traditional telephone and certain VoIP at 8.5 percent.**
- The out-of-state wireless lobby falsely claimed on the public record that SB 1603 is not a broadband bill because the separate Broadband Fund is smaller than the Traditional Fund. **This is demonstrably false. The OUSF can and does support broadband projects. Yet only landline and certain VoIP customers currently fund these projects.**
- The out-of-state wireless lobby falsely claimed on the public record that SB 1603 is regressive. **This is demonstrably false. SB 1603 will lower rates for all landline and certain VoIP customers. All pre-pay wireless options are exempt from the legislation, and the [E-Board recently allocated an additional \\$3.5 million in phone/internet bill payment assistance to the Oregon Telephone Assistance Program.](#)**
- The out-of-state wireless lobby falsely claimed on the public record that SB 1603 would prohibit Oregon from leveraging federal broadband support. **This is demonstrably false. SB 1603 will bolster Oregon's capacity to leverage federal broadband support. The federal E-Rate program for connecting schools and libraries requires a state match, which SB 1603 would fund. The USDA Reconnect Program requires applicants to submit broadband strategic plans, which SB 1603 could fund.**

What's True:

SB 1603 – the Rural Telecommunications Investment Act – represents two-plus years of collaboration and compromise among a diversity of Oregon-based stakeholders that include but are not limited to consumer advocates, Oregon telecommunications providers, cities and counties, libraries, schools, tele-health providers, research institutions, and dozens more.

The facts matter – particularly when making important public policy decisions in response to the worst public health and economic crisis Oregon has ever faced. Oregon CUB encourages support for and swift passage of SB 1603.

Samuel Pastrick
Advocacy & Development Manager
samuel@oregoncub.org
978-505-3846