

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: SB 1603

80th Oregon Legislative Assembly – 2020 1st Special Session
Legislative Fiscal Office

*Only Impacts on Original or Engrossed
Versions are Considered Official*

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Measure Description:

Modifies the application and maximum rate of the universal service surcharge and the distribution of surcharge revenue.

Government Unit(s) Affected:

Oregon Business Development Department (OBDD), Public Utility Commission (PUC)

Summary of Fiscal Impact:

The administrative costs related to the measure are already included in the Oregon Business Development Department’s legislatively adopted budget - See explanatory analysis.

Analysis:

The measure modifies definitions applicable for purposes of the universal service surcharge. It subjects the sale of retail commercial mobile radio services and retail interconnected voice over internet protocol services to the universal service surcharge and reduces the surcharge rate cap from 8.5% to 6%. This measure directs the Public Utility Commission to transfer up to \$5 million per year from the universal service fund to the Broadband Fund. Monies are continuously appropriated to the Broadband Fund established in the Oregon Business Development Department. The department will provide grants and loans and administer the program related to broadband. OBDD shall adopt program rules and report annually to an interim committee of the Legislative Assembly related to telecommunications on the status of the Broadband Fund. The Broadband Fund, transfer of monies, and the grant and loan program become operative on January 1, 2021, and sunset on January 2, 2030. The measure takes effect on the 91st day following adjournment *sine die*.

Oregon Business Development Department

The fiscal impact to OBDD to operate the Oregon Broadband Office and to establish the program to provide grants and loans for the planning and development of broadband service infrastructure is estimated to cost approximately \$943,000 in the 2019-21 biennium. The costs were financed with \$178,180 of Lottery Funds and \$764,939 of Other Funds (i.e., money transferred from the PUC under provisions of this measure) during the 2019 regular session. No further budget adjustments for administrative costs are therefore needed this biennium. OBDD will, however, need to request approval of an Other Funds expenditure limitation increase from the Emergency Board or the Legislative Assembly to accommodate the distribution of the grant and loan funds themselves.

Public Utility Commission

The transfer of funds will have no fiscal impact on the PUC.