SB 1603  STAFF MEASURE SUMMARY
Joint Committee On The First Special Session of 2020

Action Date: 06/24/20
Action: Do pass.

Senate Vote
Yeas: 4 - Burdick, Frederick, President Courtney, Prozanski
Nays: 3 - Girod, Knopp, Thatcher

House Vote
Yeas: 4 - Bynum, Holvey, Salinas, Speaker Kotek
Nays: 3 - Drazan, Lewis, Stark
Fiscal: Fiscal impact issued
Revenue: Revenue impact issued
Prepared By: Melissa Leoni, LPRO Analyst
Meeting Dates: 6/24, 6/24

WHAT THE MEASURE DOES:
Subjects sale of all retail telecommunications services, retail commercial mobile radio services, and retail interconnected voice over Internet protocol services to universal service surcharge. Defines how intrastate revenues subject to surcharge are identified and reduces rate cap to six percent of sale of services subject to surcharge. Removes opt-in provision to access universal service funds. Establishes Broadband Fund. Caps universal service fund at $28 million annually. Directs the Public Utility Commission to annually transfer to Broadband Fund the amount equal to the lesser of $5 million or the amount in the universal service fund above $28 million. Continually appropriates moneys in Fund to Oregon Business Development Department (OBDD) to establish a program for providing grants and loans for broadband service infrastructure projects. Requires OBDD to develop program rules, apply certain preferences to grants and loans, and establish procedures for distributing grant or loan funds, including to the Connecting Oregon Schools Fund. Directs OBDD to report annually to interim legislative committee related to telecommunications on status of Broadband Fund. Sunsets Broadband Fund, transfer of moneys from universal service fund to Broadband Fund, and grant program on January 2, 2030. Becomes operative January 1, 2021. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:
• Expansion of fee to new telecommunications services
• Whether measure is a fee expansion or revenue raising measure
• Use of Universal Service Fund for broadband
• Federal action and funding for broadband
• Emergency Board allocation of CARES Act funding for broadband projects completed by December 30, 2020
• Broadband Office needs analysis
• Priorities for Broadband Fund and needs in underserved urban areas
• Caps established on surcharge fee, Universal Service Fund, and Broadband Fund
• Impact of fee on customer bills

EFFECT OF AMENDMENT:
No amendment.

BACKGROUND:
The Oregon Universal Service Fund (OUSF) is intended to ensure basic telephone service for all Oregonians. In 1999, the Legislative Assembly directed the Public Utility Commission (PUC) to create and implement the OUSF with a surcharge on all retail telecommunications sales in Oregon. The surcharge is currently assessed on wireline

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