

# Oregon lawmakers eye cellphone fee to pay for rural broadband

Updated Feb 28, 2019; Posted Feb 28, 2019



TNS

Advocates say the new fee would cost cellphone subscribers between \$4 and \$12 a year. (Dreamstime/TNS) TNS

1.7k shares

By [Mike Rogoway | The Oregonian/OregonLive](#)

As internet speeds continue to lag in rural parts of the state, Oregon lawmakers are contemplating a new fee on cellphone service to help pay for expanded broadband in remote and underserved communities.

[House Bill 2184](#) would raise about \$10 million a year to fund broadband projects through grants and loans. Advocates say it would cost cellphone subscribers between \$4 and \$12 a year.

“We can’t all be part of the modern life and the modern world if we don’t have access to some of the needs,” said Rep. Pam Marsh, D-Ashland.

The bill will face fierce opposition from the wireless industry, though, which says it will fight to keep Oregon cellphone fees low. The industry says it doesn't make sense to tax one kind of service – wireless phones – to subsidize a completely different kind of wired internet service.

“HB 2184 is tens of millions of dollars in taxes that will hurt all Oregonians – including those with low and moderate incomes,” said Jamie Hastings, vice president of state and external affairs for the wireless industry trade group CTIA.

“This regressive bill will have a negative impact on working families and burden those who rely most on wireless as a vital lifeline,” Hastings said in a written statement.

The bill's supporters say broadband service is a lifeline unavailable to many in the state's rural communities. Marsh said fast internet access has become indispensable for businesses, schools and families.

And she said that while the state has long recognized the gap between rural and urban areas, Marsh said it hasn't been deliberate about addressing it.

“We've just got this ginormous urban-rural technology divide, and that can't be good for any of us,” she said.

Oregon cellphone owners have [long enjoyed](#) some of the nation's lowest cellphone taxes. The Tax Foundation [ranks Oregon as the cheapest in the nation](#) for cellular at 2.1 percent – just one-sixth of the national average.

In prior years Oregonians have zealously guarded their low-tax status. In 2004, for example, Portland contemplated a 5 percent cellphone tax to pay for drug treatment programs and more jail cells. The proposal died before even coming to a city council vote amid a consumer outcry.

With a Democratic supermajority in Salem, though, and persistent broadband disparities in the Republican-leaning rural areas of the state, there may be more appetite to collect more from cellular customers.

Currently before the House Committee on Economic Development, chaired by Rep. John Lively (D-Springfield) Marsh said she anticipates the bill would need to clear the Revenue and Ways and Means committees before getting a floor vote.

[Census data released last fall](#) shows that 87 percent of Oregon households were broadband subscribers in 2017, up from 78 percent five years earlier. In some Portland neighborhoods up to 98 percent have broadband access, defined as 25 megabits per second.

In rural parts of the state, though, such as Lake and Jefferson county, broadband penetration is as low as 50 percent. It's expensive for telecom companies to run high-capacity fiber optics into remote areas and there are relatively few potential subscribers to help the companies offset the cost.

The bill before the Legislature would have the state's business development agency distribute up to \$10 million in broadband funds through grants and loans, with priority given to school districts seeking faster access.

The bill has a host of supporters including Oregon counties, cities, 1000 Friends of Oregon, the Oregon Farm Bureau, the Citizens' Utility Board and the AARP, which hopes faster internet access could improve telehealth services for seniors in remote areas.

And while Oregon Republicans generally oppose higher taxes and fees, there has been no consensus from the Republican caucus in Salem opposing the bill. That could be because Republicans' rural constituents would be most likely to benefit.

The fee would apply only to a portion on cellular bills, the portion covered by intrastate phone calls. Estimates vary on just how much it would add to monthly bills, with estimates ranging from 33 cents up to \$1 per phone. If lawmakers approve the fee as currently drafted, the bill would take effect January 1, 2020, so subscribers would start paying the tax early next year.

If collections were to vary considerably from the \$10 million lawmakers seek, the Oregon Public Utility Commission would be responsible for adjusting the fee upward or downward in future years.

The bill would also reduce Universal Service Fund fees collected by landline phone companies and currently used to ensure phone service is available in remote parts of the state. Those fees have gone up in recent years as the number of landline phone customers in Oregon has declined – requiring larger collections from the remaining landline subscribers.

Spreading that burden more widely, to include cellular subscribers, would reduce the burden on landline customers. For that reason, the Oregon Telecommunications Association, which represents phone and internet companies in smaller communities around the state, supports the bill.

Currently, “the state is exempting the wireless guys from helping pay for this, which we think is just wrong,” said Brant Wolf, the telecom association’s vice president.

*Oregonian reporter Elliot Njus contributed to this article.*

-- [Mike Rogoway](#) | twitter: [@rogoway](#) | 503-294-7699