



EXHIBIT 4  
DATE 1-30-09  
HB 115

Testimony of Shawn Hanson

Sagebrush Cellular, Inc. (Nemont Wireless)

**In Support of HB 115**

Sagebrush Cellular (dba Nemont Wireless) is a subsidiary of the Nemont Telephone Cooperative. As a cooperative, Nemont is committed to progressively expanding essential wireless telecommunications services to very rural, remote, and isolated portions of Montana. These are generally areas where large national or regional carriers have not invested in. A significant portion of our service territory is characterized by population densities of less than 2 persons per square mile. Rural cellular carriers in Montana serving sparsely populated areas do not have the market size potential to justify investments in improved coverage and service without sufficient and predictable support from the Federal Universal Service Fund (FUSF), and appropriate policy from the state of Montana that encourages growth, expansion and improvement of essential wireless telecommunications infrastructure. Sagebrush's aggregate Montana property tax burden has grown from 2005 to 2008 in the following manner.

2005	\$34,160.68
2006	\$56,747.76
2007	\$286,344.87
2008	\$334,576.85

Sagebrush applied for and received Eligible Telecommunications Carrier (ETC) designation from the Montana PSC at the end of 2005 and this designation allowed it to receive FUSF support for the purpose of expanding, modernizing, and maintaining its cellular network in rural serving areas. Sagebrush committed to build-out plans for improving coverage to reach 98% of subscriber locations within its serving areas within 5 years. Sagebrush's business plan assumed that its property tax burden would grow proportionately as its network expanded. However in 2007, the Department of Revenue (DOR) determined that cellular company assets should be centrally assessed for tax purposes. While the size of Sagebrush's network nearly doubled from 2005 to 2007, its property tax burden increased by 8 fold ( $\$286,344.87 / \$34,160.68 = 8.38$ ).

In addition, in 2008, the FUSF that Sagebrush had been receiving was significantly reduced as the result of an FCC order capping FUSF at a state level.

These two significant impacts on Sagebrush are squeezing its ability to continue with its build-out plans to improve coverage and service.

Sagebrush and other rural cellular entities affiliated with Montana cooperatives met with the DOR and representatives of the Governor's office regarding these issues toward the



end of 2007 and early in 2008. The parties agreed that the "unintended" consequence of centrally assessing rural cellular carriers was a profound increase in their tax burden which stifles further build-out. None of the parties felt that the public interest for improved wireless infrastructure in rural areas was served by this. The parties agreed that appropriate legislation, such as that contained in HB 115 could help to resolve this problem.

Mobility and data are at the core of the 21<sup>st</sup> century's definition of Essential Universal Telecommunications Service. Mobility is important for rural commerce and agriculture, quality of life, energy efficiency, and public safety. It is as important in the most rural parts of Montana as it is within the boot.

I sincerely request that you support HB 115.

*Shawn Hanson January 29, 2009*

Shawn Hanson  
General Manager  
Sagebrush Cellular, Inc. (Nemont Wireless)  
P.O. Box 600 HWY 13 South  
Scobey, MT 59263  
(406) 783-2200