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STATEMENT from DIRECTV and DISH NETWORK In support of H.R. 1804, the State Video Tax Fairness Act of 2011

EL SEGUNDO, Calif., and ENGLEWOOD, Colo., May 11, 2011 – On behalf of DIRECTV, DISH Network, our thousands of employees and our millions of subscribers, we congratulate and thank Representatives Sensenbrenner, Conyers and Jordan, the sponsors of H.R. 1804, the State Video Tax Fairness Act of 2011. This bipartisan legislation will protect consumers and promote competition by preventing the imposition of discriminatory taxes on satellite television and other innovative competitors to cable television.

Over the past several years, more than twenty states have considered legislation to impose new, discriminatory taxes on satellite television subscribers. All but one – Massachusetts – rejected these bills as an effort by the cable industry to suppress its competition. Unfortunately, a handful of states continue to advance discriminatory tax bills. H.R. 1804 seeks to stop this practice once and for all.

Turning a blind eye to the fact that American families are grappling with a struggling economy and a heavy tax burden, the cable industry continues to lobby aggressively for raising taxes on satellite households. In fact, the cable industry is so intent on getting these tax hikes passed that it even supported legislation in Georgia recently that would have **raised taxes on their own subscribers** simply because it would have imposed even higher taxes on satellite subscribers.

Big Cable has made it clear that it is willing to harm consumers – even their own – to gain an edge over their competition; this legislation will stop them from doing so.

State lawmakers who are sponsoring discriminatory tax bills have accepted a specious argument that asserts that the franchise fees cable companies pay to local governments for the use of public rights-of-way are really taxes, and that state taxes on satellite television are necessary to achieve “tax parity.” But the 1996 Telecommunication Act recognized that franchise fees are a cost inherent to the cable industry’s business model and that they do not apply to the satellite television industry because it does not use public rights of way. Consequently, Congress prohibited the imposition of franchise fees on satellite television.

However, the 1996 Act left one loophole, which cable has exploited: It did not specifically prohibit states from imposing discriminatory taxes on satellite television to “*make up for*” the fact that satellite TV companies don’t pay fees for rights-of-way which they do not use.

As a result, H.R. 1804 is needed to ensure that new tax proposals treat all competitors equally and do not impose costs that are inherent to one industry onto its competitors.

Support for this legislation cuts across partisan and ideological lines. In addition to the bill’s Republican and Democratic sponsors, past supporters include the National Taxpayers’ Union, the Consumers’ Union and the Media Access Project. We urge Congress to act quickly on this legislation and ensure that market competition -- and not discriminatory tax policy -- will drive the video marketplace in the 21st Century.