



February 1, 2011

Dear Chairman Espich:

On behalf of every satellite TV subscriber in Indiana, we urge you to reject House Bill 1382. The bill would impose a new 5% discriminatory sales tax exclusively on satellite TV subscribers.

This proposed tax would force approximately 800,000 families in Indiana to pay more for their television programming at a time when many are scaling back their lifestyles and spending more time at home in an effort to make ends meet. It would especially hurt those who live in rural parts of Indiana that are not served by cable and who depend on DIRECTV or DISH Network for a reliable signal. For these households, H.B. 1382 is a "rural tax" that punishes them just for living where they live.

This proposal is part of a nationwide effort by cable companies to gain an unfair advantage in the marketplace. In the last two years alone, the cable industry has tried unsuccessfully to convince over a dozen states to tax satellite subscribers.

The cable industry's lobbying effort is based on a misleading argument that satellite subscribers should be taxed because cable has to compensate municipalities through "franchise fees" paid for the right to lay cable in public rights-of-way. This argument is specious because these fees are a part of the cable industry's business model; satellite technology does not rely on public rights-of-way to deliver television programming. From court filings to SEC filings, cable companies have consistently acknowledged that franchise fees are a cost inherent to their business; they are the rent that cable companies pay for the right to access the public rights-of-way.

To assert that satellite subscribers should cover cable's business expenses is analogous to arguing that airline passengers should cover the cost of laying railroad tracks. Accordingly, H.B. 1382 would result in satellite subscribers subsidizing cable's cost of doing business.

DIRECTV and DISH Network join the rest of our industry in urging you to take an immediate stand against any proposed discriminatory satellite-only tax. Please contact DIRECTV and DISH Network's representative in Indianapolis, Mike Leppert at (317) 634-5963 should you have any questions.

Sincerely

Handwritten signature of Michael D. White in black ink.

Michael White  
President & CEO  
DIRECTV, Inc.

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President & CEO  
DISH Network, LLC

Handwritten signature of Joseph Widoff in black ink.

Joseph Widoff  
President  
SBCA