



## STOP THE CABLE TAX HIKE Support H.R. 1804



**The Issue: New, discriminatory taxes.** Rather than competing for customers on the basis of price, innovation, and customer service, the cable television lobby has been pushing state legislatures to enact new, discriminatory taxes on satellite television subscribers.

**The Impact: Higher costs, less competition.** These taxes unfairly burden millions of satellite television households. By artificially raising the costs of cable's primary competitors, they reduce the competitive pressure on cable to keep their prices down, thus punishing cable households as well.

**The Solution: H.R. 1804, the State Video Tax Fairness Act,** seeks to achieve a technology neutral tax policy. This will protect consumer choice by ensuring that all television platforms compete on a level playing field.

### **Cable is pushing state legislatures across the country to impose taxes on satellite television.**

- These efforts are only intensifying. In 2010, discriminatory tax measures against satellite TV were considered in 7 states. And, in the first half of 2011, discriminatory tax measures were considered in 8 states, including Alabama, Arizona, California, Georgia, Hawaii, Nevada, Texas, and Vermont. In each case, the proposed legislation would have levied a new tax—ranging from 5% to 7%—on households that choose satellite TV over cable.
- Most egregiously, this year in Georgia cable is supporting legislation that would *raise taxes on their own customers* because the legislation would have imposed even higher taxes on satellite households. Cable has made clear that they are willing to punish any and all consumers if it improves cable's market position.

### **Cable argues that discriminatory taxes on satellite TV are necessary to achieve "tax parity" because satellite TV providers do not pay local "franchise fees." These arguments are wrong.**

- Franchise fees are NOT taxes; they are the rent cable providers pay to municipalities in exchange for valuable property rights—the right to dig up streets and sidewalks and lay their wires through the public rights-of-way. But don't just take our word for it. Cable providers acknowledge this in the annual reports provided to investors and the briefs they file with state and federal courts.
- Unlike satellite providers, cable pays franchise fees because they need access to public rights of way to deliver their service. Satellite does not use municipal property for its transmissions; it has its own costs of business—building, launching, and maintaining satellites in outer space.
- Charging satellite customers franchise fees—or an equal amount in the form of a discriminatory tax—would be like taxing airline passengers to build and maintain railroad tracks. They don't use them; they shouldn't have to pay for them.

### **H.R. 1804 does not prohibit states from imposing taxes on pay television. Instead, it requires that any such taxes are technology neutral.**

- Nonetheless, without cable pushing for higher pay-TV taxes, it is unlikely that states would seek to subject hard-working families and small businesses to higher taxes on their television service.

**Promote Competition. Protect Working Families from Tax Increases. Prevent Tax Discrimination.  
Support H.R. 1804**