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New tax would subsidize cable

BY JOSEPH WIDOFF

Satellite TV subscribers should not be forced to subsidize the cable industry. But that is exactly what will happen if a proposal being considered in the Georgia General Assembly becomes law.

The proposal in question would impose a 7 percent sales tax on all pay television subscribers while providing cable companies with a huge new break: The elimination of franchise fees they pay for the right to lay cable wires. These fees are one of the cable industry's basic business expenses and satellite subscribers should not be forced to pay higher taxes to subsidize them.

In Georgia, cable TV providers are required to pay franchise fees to local governments in return for the right to tear up sidewalks and streets for cable wire installation. Because satellite services transmit signals through the air, satellite providers rightfully have never been asked to pay this fee.

Asking satellite subscribers to help the cable companies cover these costs is comparable to asking airplane passengers to help railroads pay for laying their tracks. It makes no sense.

This tax will force millions of Georgia households to pay more for their television programming at a time when many of them are scaling back their lifestyles and spending more time at home as they work to make ends meet.

It would especially hurt those who live in rural parts of Georgia that are not served by cable and depend on satellite for a reliable signal. For these households, this would be a "rural tax" that punishes them for living where they live.

More to the point, why should these households have to cover the cost of providing cable television when they cannot even access it in their hometowns?

The bottom line is that satellite television providers developed an innovative technology that does not require the use of public resources such as utility poles or sidewalks. The result is less expense and better service to customers -- exactly the kind of innovation and market competition that should be rewarded, not penalized with gratuitous taxes.

The state government should not put more of a burden on consumers in an already weak economy. And it should not hinder strong business models with more cumbersome taxes in order to pay for the operating costs of industries with weaker ones. This is an area where both consumers and business owners should come together and voice their opposition.

It is a slippery slope when the tax code is used to subsidize the commercial practices of a select few. The TV tax is bad for healthy market competition, and yet another form of unfair taxation that consumers are not in any position to withstand.

The Georgia General Assembly should take this opportunity to stand up for families and good business practices and reject the tax out of hand.

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