



April 5, 2011

An Open Letter to the Texas House State Affairs Committee: Reject a Discriminatory Tax Hike on Satellite Subscribers!

Dear Committee Member:

On behalf of the National Taxpayers Union's (NTU's) 23,000 members in Texas, I urge you to oppose House Bill 259 and House Bill 3675, both of which would impose a new 6.25 percent tax targeted primarily at satellite television. This levy will increase costs for many households, limit entertainment choices, and do nothing to improve Texas' economic recovery.

A tax on satellite television would punish hundreds of thousands of Texas households simply for choosing satellite over other types of service. The government should not be in the business of making personal decisions for consumers, especially by dictating or influencing such choices through onerous tax policies. Furthermore, satellite television can be the only option for many Texas families who live in the rural parts of the state where cable and broadcast services are not readily available.

Some argue that this new tax is warranted in order to "level the playing field" because the cable television industry has paid "franchise fees" in exchange for rights-of-way to lay cable. But such fees are supposed to reflect a cost of doing business – rent for use of public property. In truth, whether paying for cable-maintenance trucks, transmission towers, federally owned spectrum, or satellite fleets, each provider's unique business model entails certain specific costs as a precondition of getting their service into homes and businesses.

Clearly, the onerous franchise fee negotiation process that cable companies must navigate is not infallible, and some experts estimate that as little as 10 percent of these fees actually go toward maintaining public property while the other 90 percent is funneled to bloated municipal budgets. That is precisely why the path to tax fairness and neutrality is through lowering those inflated charges, not through raising taxes on satellite customers. NTU would applaud such an effort and would eagerly assist you in making telecom tax reform a reality.

While Texas' overall tax climate is better than those of many other states, some of the highest telecommunications taxes in the country are found within your borders. This body should not add to those burdens by imposing a misguided tax on satellite television service. NTU urges you to oppose HB 259 and HB 3675 in the name of fiscal responsibility and in consideration of financially strapped taxpayers.

Sincerely,

A handwritten signature in black ink, appearing to read "Andrew Moylan". The signature is fluid and cursive, with a large initial "A" and a long, sweeping tail.

Andrew Moylan
Vice President of Government Affairs