



Center for Individual Freedom
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April 5, 2011

Representative Byron Cook
Chairman, House State Affairs Committee
Room E2.214, Capitol Extension
P.O. Box 2910
Austin, TX 78768

Representative Jose Menendez
Vice Chairman, House State Affairs Committee
Room EXT E1.420, Capitol Extension
P.O. Box 2910
Austin, TX 78768

VIA FACSIMILE

Dear Chairman Cook and Vice Chairman Menendez:

On behalf of the Center for Individual Freedom (CFIF) and over 17,000 activists and supporters across the state of Texas, I write to urge your opposition to HB 259 and HB 3675, which would impose new and unwarranted taxes on satellite television providers. Raising taxes of any kind during this period of elevated unemployment and economic difficulty is a destructive idea generally. The new taxes contemplated by HB 259 and HB 3675, however, are particularly unjustified.

First, Texans already pay among the highest tax rates in the nation for telecommunications services. Last year, Texas consumers paid over \$429 million in franchise taxes in its ten largest cities alone, and \$1.2 billion over the past three years. That is certainly not conducive to growth for such a critical sector of our future economy.

Second, HB 259 and HB 3675 would impose taxes on something satellite television providers don't even use – the physical public right of way. It is certainly understandable that entities actually using the public right of way under city streets or along physical power lines should help maintain those rights of way. But satellite video providers don't even use the physical right of way – thus making HB 259 and HB 3675 a tax on "thin air." Texas already imposes taxes on video services, so imposing an entirely new tax on physical rights of way that satellite providers don't even use is manifestly unfair.

Moreover, it is estimated that only 10% of right of way taxes actually go to maintenance of right of way, with 90% of collected revenues going to general city funds. Attempting to impose right of way taxes on satellite providers is therefore a transparent money grab. Accordingly, we at CFIF respectfully request that you oppose the unfair taxes proposed by HB 259 and HB 3675 during this period of protracted economic difficulty, high unemployment and state business competition. Thank you very much for your attention to this important matter.

Sincerely,

A handwritten signature in black ink that reads "Timothy L".

Timothy Lee
Vice President of Legal and Public Affairs

cc: All members of the State Affairs Committee, Texas House of Representatives