



April 29, 2019

Dear Legislator:

On behalf of National Taxpayers Union (NTU), the nation's oldest taxpayer advocacy organization, I write to reaffirm our strong support for HB 3535 and its companion, SB 1152. These sensible proposals would end Texas's unique approach to the taxation of Right-of-Way (ROW) usage and thereby significantly reduce barriers for communications providers across the Lone Star State. Enacting either HB 3535 or SB 1152 will be a win for providers and consumers, we therefore respectfully urge you to support these bills when they come before the House.

As you may know, Texas is only one of two states that permits localities to charge providers twice on the same line for both video and voice services. This means providers are hit with a duplicative charge for usage of the same line - once for traditional cable and once for telephone service- even though their services share a single coil. These added costs do not just delay the deployment of service wire, but can ultimately increase monthly service bills once these networks become operational. Providers should be encouraged to dedicate resources to invest in new lines or reduce prices for consumers, instead of diverting capital out of operations to fund the coffers of local governments.

Thankfully, HB 3535 seeks to update this inefficiency in the Texas code. This legislation rightly proposes to bring more neutrality, simplicity, and transparency to the tax treatment of telecommunications providers, all to the great benefit of consumers and taxpayers. HB 3535 creates an exemption for the telecommunications fee in Section 283.051 of the Local Government Code, and the cable franchise fee in Section 66.005 of the Utilities Code. Under this bill, a provider would pay only the larger of the two fees. Permitting an exemption of the smaller of the two fees would allow providers to deploy high quality service at the lowest possible price.

We strongly believe state and local governments must do more to reduce barriers to video and voice service deployment while also refraining from the urge to levy duplicative taxes on telecommunications providers. Passing HB 3535 would be a strong step in the right direction. Consumers and taxpayers win when businesses and innovators operate in a low tax and light-touch regulatory environment. Texas has a proud history of promoting these principles and we hope that this trend will continue with HB 3535 becoming law.

Sincerely,

Thomas Aiello
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