



To: Members of the Committee on Transportation & Telecommunication

From: National Taxpayers Union

Re: Support Legislative Bill 1046

Members of the Committee on Transportation and Telecommunication, let me first express our gratitude for holding a public hearing on legislative bill 1046.

We are here today on behalf of National Taxpayers Union, our nation's oldest taxpayers' advocacy group, to speak in favor of LB 1046 which would lower local franchise fees, effectively reducing taxes and monthly cable invoices for consumers.

Unfortunately, federal law permits municipalities to impose a 5% franchise fee on cable service providers for their use of the public right of way, thereby increasing the cost to Nebraskans by millions of dollars each year. Imposed more than three decades ago, the franchise fee was applied to cable bills that were typically less than \$10 per month. Nowadays, as access to entertainment options and services increase, cable bills average more than \$100 per month, underscoring the archaic nature of the 5% fee.

As competitive market forces have provided consumers with more viewing options, poor tax policy should not dictate choice. Imposing the same 5% fee on today's larger cable bills is illogical policy, particularly when you consider the disruption to cable right of way is minimal. Cable infrastructure has been in the public right of way for 30 or more years; therefore, the status quo 5% fee is

exceedingly outdated. Nebraska should reduce its cable franchise fee burden – which results in higher prices for the consumer.

LB 1046 updates Nebraskan law by reducing the franchise fee to 3% percent of gross revenue on cable services. If implemented, this reform would more accurately reflect the cost of the public right of way, but more importantly, would reduce unnecessary and excessive taxation imposed on the Nebraskan consumer.

National Taxpayers Union supports LB 1046 and urges committee members to support this needed legislation. Thank you again for holding a public hearing on this important issue.

Sincerely,

Leah Vukmir  
Vice President of Government Affairs

Jess Ward  
Director of Government Affairs