



Date: January 23, 2023

To: Members of the Missouri House Committee on Utilities

From: National Taxpayers Union

Re: Support for House Bill 2057

Dear Chairman Bromley, Vice Chairman Keathley, and the esteemed members of the Missouri House Committee on Utilities,

Thank you for the opportunity to share testimony on behalf of the National Taxpayers Union, the nation's oldest taxpayer advocacy group, regarding House Bill 2057. This bill would ban municipalities from taxing streaming services under the cable franchise tax system. Our organization opposes imposing such duplicative taxes, and we urge the committee to support this legislation.

As you understand from serving on the House Utilities Committee, unlike traditional cable services, where municipalities use franchise taxes to invest in physical infrastructure like laying down cables, streaming services work on existing internet infrastructure. So, it is common sense that municipalities should only tax streaming services for the specific franchise services they use and utilize. The proposal at hand clarifies the original law's intent, which state courts have upheld. Taxing the streaming services for franchise services they do not utilize is unfair. This clarification is clearly needed to reduce the costs for taxpayers by additionally preventing unnecessary lawsuits that have caused confusion in the past.

Furthermore, streaming services are essential for modern entertainment and information sharing. Allowing municipalities to impose taxes on these services would make it harder for people already struggling with the increasing cost of living. Missouri families rely on affordable access to streaming platforms for education, entertainment, and staying connected. Adding more taxes on these services would unfairly hurt low- and middle-income families who utilize a myriad of streaming platforms daily.

Finally, imposing such taxes could hurt innovation in the streaming industry by increasing administrative costs, especially because it would be difficult to enforce the taxes based on the specific geographic jurisdiction of one municipality. Streaming platforms are important to the digital economy, creating new ideas and jobs. Adding more taxes and a complex process to implement these taxes may discourage new companies from starting and divert

resources away from fulfilling necessary consumer demands in the marketplace toward complying with the law.

To summarize, National Taxpayers Union urges the committee to consider the harm to consumers and taxpayers that would occur if municipalities tax streaming services as cable franchise services – and instead endorse House Bill 2057.

Thank you very much for your time and attention to this critical matter.

Sincerely,

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