



February 12, 2024

The Honorable Janet T. Mills
1 State House Station
Augusta, ME 04333

Dear Governor Mills,

On behalf of National Taxpayers Union, the nation's oldest taxpayer advocacy group, I write to you with deep concerns about LD 1967 (HP 1264), which is now up for your consideration to sign or veto. This bill would allow municipalities to tax streaming services under the cable franchise tax system. Our organization opposes imposing such duplicative taxes, and we urge you to veto this legislation.

Local municipalities should only tax streaming services for franchise services that they use. Unlike traditional cable services, where municipalities invest in physical infrastructure such as laying down cables, streaming services operate on existing Internet infrastructure. Therefore, taxing the streaming services for franchise services they do not use is unfair and illogical. Implementing such legislation will result in frivolous lawsuits that will ultimately burden taxpayers with additional costs through the courts.

Streaming services have become an essential aspect of modern entertainment and information sharing. However, if municipalities begin imposing taxes on these services, it could make it harder for people already struggling with the increasing cost of living. Many Maine families rely on affordable access to these streaming platforms for education, entertainment, and staying connected. Imposing more taxes on these services would unfairly hurt low- and middle-income families who utilize various streaming platforms daily.

Considering the consequences of allowing municipalities to impose taxes on streaming services is essential. Such taxes may not be enforceable based on one municipality's specific region and could hinder innovation in the streaming industry. This industry is vital to the digital economy, creating new ideas and jobs. If more taxes are added, it may discourage new companies from entering the market and divert resources away from meeting consumer demands toward complying with the law. Therefore, it is necessary to evaluate the impact of such taxes on the streaming industry before implementing them.

Furthermore, other states are rejecting these fees for streaming services in a broad bipartisan fashion. In Missouri, a bill has been proposed to do the exact opposite of what LD 1967 suggests. They're honorably working to protect taxpayers by preventing municipalities from assessing the franchise taxes on streaming services. This bill has attracted support across the political aisle in the committee process and will be considered by the entire Missouri House soon. Maine would be wise in taking a similar approach.

At National Taxpayers Union, we urge you to consider the potential issues arising from taxing streaming services for franchise services. We strongly advise you to veto LD 1967, as such taxes are unfair and unjustified. Furthermore, they could negatively impact the economy. We appreciate your time and attention to this critical matter. Thank you.

Sincerely,

Mattias Gugel
Director of State External Affairs
National Taxpayers Union