



August 30, 2006

## **An Open Letter to the Pennsylvania General Assembly: Taxpayers Want TV Choice**

Dear Legislator:

On behalf of the more than 22,000 Pennsylvania members of the National Taxpayers Union, **I urge you to bring much-needed competition to the video services marketplace.** Clearing away the regulatory underbrush in the existing thicket of local video franchising schemes will directly benefit consumers by hastening lower prices, better service, and faster deployment of new technologies.

While almost all other aspects of the communications industry thrive from vibrant commercial competition, video services are currently smothered under an antiquated patchwork of local regulations and fees. The impact of this convoluted system is clearly demonstrated in consumer costs – although phone and Internet service prices have increased less than 5 percent in the past five years, cable rates have skyrocketed 40 percent.

Short of eliminating the outmoded regime of video franchising, developing a streamlined statewide system would modernize a process that currently requires providers to negotiate separate agreements with 2,600 municipalities in Pennsylvania. This process is time- and resource-consuming, for both the providers themselves and the municipalities. Rather than investing in deployment of broadband networks, companies can become mired in costly negotiations. The existing franchising model is clearly a barrier to competition, consumer choice, and technological advancement.

We strongly believe that reform will result in better services, lower prices, and superior quality for Pennsylvania consumers. In Texas, where legislators passed simplified statewide video franchising rules last year, the incumbent cable company dropped its prices 25 percent within weeks of new competitors entering the market. Pennsylvania consumers could also reap the rewards from changes to an archaic franchising system that provides dominant cable firms cover for high prices.

Doing away with local franchising agreements will make it easier for firms to compete head-on with cable companies, and as a result, Pennsylvanians will have more choices and price options. Furthermore, widespread broadband deployment will increase productivity for the state's small- and mid-sized businesses. We look forward to your support of this pro-taxpayer policy.

Sincerely,

Kristina Rasmussen  
Senior Government Affairs Manager