



May 10, 2007

An Open Letter to Florida Governor Charlie Crist: Taxpayers Want TV Choice

Dear Governor:

On behalf of the more than 32,700 Florida members of the National Taxpayers Union, **I urge you to bring much-needed competition to the video services marketplace by signing the Consumer Choice Act of 2007.** By clearing away regulatory underbrush in the existing thicket of video services franchises in favor of a simplified statewide arrangement, this bill can help to deliver lower prices, better service, and faster deployment of new technologies to consumers and taxpayers.

While almost all other aspects of the communications industry thrive from vibrant commercial competition, video services are currently bound by an antiquated patchwork of local regulations and fees. The impact of this convoluted scheme is clearly demonstrated in consumer costs – according to the FCC, phone and Internet service prices have generally decreased between 1995 and 2005, while cable rates have skyrocketed 93 percent over that same period.

Statewide video franchising would modernize a process that currently requires providers to negotiate separate agreements with hundreds of local governments across Florida. The method 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 Florida's consumers. In Texas, where legislators passed statewide video franchising rules in 2005, the incumbent cable company dropped its prices 25 percent within weeks of new competitors entering the market. Floridians could also reap the rewards from changes to an archaic franchising system that provides dominant cable firms cover for high prices. By some estimates, a one-year delay for franchise reform in your state could result in consumers having to pay an unnecessary \$95 million in higher costs.

A statewide video franchise will make it easier for firms to compete head-on with cable companies, and as a result, Floridians 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