



August 4, 2008

Ohio Taxpayers Support Ending the Discriminatory Tax on Satellite TV

Dear Legislator:

On behalf of the more than 13,500 Ohio members of the National Taxpayers Union, I urge you to support H.B. 599, which would end the state's discriminatory tax on satellite TV. Ohio is one of six states to levy video service taxes on satellite TV that are significantly higher than those levied on cable TV or other consumer products. This disturbing practice needs to end.

As you may recall, a special 5.5 percent tax on TV viewers getting their signal from a satellite service was approved five years ago. However, cable users were exempted from the tax. Two viewers could be enjoying the *exact same* TV program, but one would be paying more in taxes if they're relying on a satellite dish instead of a cable hook-up. And the resulting bill isn't insignificant – satellite customers have forked over \$100 million in extra taxes since 2003, with another \$40 million expected in 2008 alone. Consumers shouldn't have to pay higher taxes just because they use satellite instead of cable.

Thankfully, in November 2007 the Franklin County Court of Common Pleas ruled against a set-up that gives one product an artificial competitive advantage over another. The General Assembly should now turn to repealing the discriminatory tax outright by passing H.B. 599. Congress is currently considering the State Video Tax Fairness Act (which would prohibit discriminatory taxes on similar multi-channel video programming products), but Ohio leaders can step up to the plate sooner by repealing this anti-consumer tax.

Some have suggested applying the tax to all TV services as a way to bring about parity. Levying higher taxes on everyone improperly focuses the debate over tax discrimination on a form of "fairness" that only fills government's coffers further – that is, making sure providers of similar services suffer the misery of equally harsh taxes. The "fairest" fee or tax rate – for providers and taxpayers alike – is zero.

Telecommunications of all varieties have been targets for disproportionate and punitive taxes since the Spanish-American War, slowing much of the progress and productivity that could have emerged to enrich our society sooner. Ohio should reject old-school parochial tax treatment that favors some over others and allow products to compete equally on their merits. Customers should decide who makes the grade in the marketplace, not government.

Sincerely,

Kristina Rasmussen
Director of Government Affairs