



Michigan Taxpayers Oppose New Taxes on Satellite TV!

Dear Legislator:

On behalf of the National Taxpayers Union's 11,900 Michigan members, I urge you to reject a proposal that would create a new 5 percent sales tax imposed only on satellite television. This arbitrary scheme would unfairly target one sector of the television industry, increasing the burden on overtaxed Michigan residents and effectively empowering the state to pick winners and losers in the marketplace.

If lawmakers decide to move forward with this tax increase, approximately 1 million Michigan families will be punished for making an independent choice about their television provider. Politicians in Lansing would be herding (some would say bludgeoning) their constituents toward a favored industry. This is none of the government's business – especially when it involves \$40 million in higher taxes in what has essentially become a fiscally failed state.

This policy proposal is similar to levying a surtax on compact discs, but not cassette tapes. Customers should buy music based on convenience, quality, and price – not whether the government officials believe it should cost more. The same goes for television providers. Michigan families choose satellite or cable based on programming, service, and affordability. It is not the government's role to step in and distort those decisions in such a manner.

Lobbyists for the cable TV industry insist that they only seek to “level the playing field,” as the industry has paid “franchise fees” in exchange for public rights-of-way to lay cable. But this is merely a “cost of doing business,” and one mirrored by satellite providers' need to competitively bid for the use of federally owned spectrum over which they can transmit their signals. Certainly, satellite companies also pay a “cost of business” in preparing, launching, and maintaining their spacecraft as a precondition of getting their products into homes and businesses. In any case, if cable providers believe they are paying too much to local governments the answer is to seek lower taxes on their own operations, not to come pleading to the Legislature for higher taxes on their competitors under a twisted definition of “fairness.”

Michigan's economy has stagnated due to a tax-and-spend mentality in Lansing, and due to a refusal on the part of local governments to recognize fiscal reality and reform their own budgeting practices. This proposal would compound the problem by heaping an additional \$40 million onto the backs of the state's struggling taxpayers – especially those in rural areas where satellite TV is the only option.

In short, the new satellite tax is a non-starter for a variety of reasons. The notion of higher taxes in Michigan should be dismissed out of hand, as it rivals California for the biggest example of how profligate policies destroy an economy. Furthermore, the idea that government should explicitly favor one competitor over another is ludicrous. There is only one way to vote on a satellite TV tax: a resounding NO.

Sincerely,

Joshua Culling
State Government Affairs Manager