



April 1, 2019

The Honorable Dade Phelan
Chairman, House State Affairs Committee
Capitol Office: E1.324
1100 Congress Avenue
Austin, TX 78701

Dear Chairman Phelan,

On behalf of the millions of consumers in Texas who require sensible and efficient regulation of the technology that serves as a foundation of the state economy, CASE urges you to support SB 1152, legislation that will eliminate a duplicative tax on telecommunications providers that currently hampers innovation and raises costs on consumers and taxpayers.

While it is important that localities be able to realize fair value for the use of their Right of Ways (ROW), the law as currently written demands double taxation under section 283.051 of the Local Government Code and section 66.005 of the Utilities Code for broadband companies utilizing local ROWs. This double taxation affords no additional rights or privileges to operators paying these fees, and is thus unfair, inefficient, and ultimately harmful to consumers who support these taxes in their monthly cable bills.

Broadband infrastructure -- including the wires, facilities and distribution networks necessary for delivery of voice, data and video services to consumers -- have evolved greatly over the years and continue to develop as technology becomes ever advanced. To ensure Texas remains a leader in the technology infrastructure that supports its economy, it is critical that the laws and regulatory frameworks that oversee this sector evolve as well. SB 1152 is the cure to this obsolete and unfair regulatory framework.

By reducing this duplicative tax, companies will be able to invest more money into deploying and improving services, and consumers will benefit by not having to foot the bill for this unnecessary and unfair tax. Localities will still receive fair value for use of their ROWs as providers will pay the higher of either tax that applies. This legislation is a tremendous win for consumers, taxpayers, localities, and the advancement of technology throughout the state. The tremendous personal and economic benefits we all realize today from modern broadband technology should not be impinged by outdated and inefficient laws that burden Texans with

higher costs and obstacles to investment. Passing SB 1152 allows Texas to join 48 other states who have adopted rules that avoid this very type of double taxation on the local level. We urge you to stand with your constituents and consumers throughout Texas through your support of this sensible and much-needed legislation.

Sincerely,

A handwritten signature in black ink that reads "Matthew B. Kandrach". The signature is written in a cursive, flowing style.

Matthew Kandrach
President, Consumer Action for a Strong Economy (CASE)