



## Finance Committee

March 18, 2016

Testimony Opposing:

Senate Bill 451, *An Act Concerning State Tax Administration*.

Submitted By: Paul Quick, SVP and General Manager, Frontier Communications

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Chairman Fonfara, Chairman Berger, Senator Frantz, Representative Davis, and distinguished members of the committee, thank you for the opportunity to submit testimony opposing Senate Bill 451, *An Act Concerning State Tax Administration*.

Since its acquisition of SNET in October of 2014, Frontier has made great progress in this state. We have added over 300 jobs to our workforce, with plans to add 200 more over the next two years. We are on track to invest \$480 million in the state's telecommunications infrastructure in the three years following the acquisition, with over \$150 million spent in 2015 alone. In short, we are dedicated to the economic growth and prosperity of Connecticut and have deployed, and continue to deploy, the communications infrastructure necessary to support future growth. SB 451 as described in its current form, is not a "clarification" of the gross earnings tax but instead a real, substantive change to existing law that raises taxes on Connecticut cable and TV customers.

Today, the gross earnings tax applies only to video programming products like channel packages and premium networks. SB 451 expands the 5% gross-earnings tax to cover a host of products and services that are not subject to tax under existing law—including fees for leasing a DVR box or to have equipment installed at the subscriber's home.

Connecticut has one of the highest tax rates on pay-TV video in the country—the host of state and federal taxes and fees paid by the customers of cable and TV providers now makeup over 10% of a customer's bill. At a time when seemingly all policy makers and stake holders in the state agree that increasing the tax burden on our citizens is unwise, this bill allows for the imposition of new taxes. Raising the cost of TV services in the state could render the provision of TV services unaffordable to all but the wealthiest. In turn this would have the effect of crippling an industry that employs thousands of people in the state (Frontier alone has over 3,000 employees in Connecticut) and provides millions of dollars in much needed tax revenue.

The provision of TV services is an extremely competitive industry and is facing pressures from multiple other forms of entertainment. The state should not be adding further competitive challenges through the imposition of a new taxes that will ultimately hurt both customers and the industry alike. For these reasons we respectfully request that you take no further action on this bill.