Government Administration and Elections Committee

IN OPPOSITION TO:

S.B. No. 104 (RAISED) AN ACT ESTABLISHING THE STATE CIVIC NETWORK

Chairman Cassano, Chairman Jutila, members of the committee,

Thank you very much for the opportunity to provide written testimony before the Committee. My name is Joseph Widoff, Executive Director for the Satellite Broadcasting & Communications Association of America ("SBCA") and I'm here today to testify in opposition to S.B. No. 104, An Act Establishing the State Civic Network. SBCA is the national trade organization representing the interests of the consumer satellite industry. Our members include DISH Network, LLC and DIRECTV, Inc., two of the major satellite television providers in the United States, satellite internet providers, equipment manufacturers and distributors, as well as local retailers who sell and install satellite television service here in Connecticut.

We urge the Committee to reject this effort to levy even more taxes on the nearly 175,000 Connecticut families that subscribe to satellite pay-TV. *Today, Connecticut has the second-highest taxes on satellite pay-TV in the nation.* Only one other state exceeds the 11.35% in taxes that Connecticut levies on satellite providers and their customers. S.B. 104 would increase this tremendous tax burden by requiring that every pay-TV subscriber pay to fund the state civic affairs network. Enacting this new tax will almost certainly give Connecticut the dubious distinction of having the highest satellite pay-TV taxes in the entire country.[1]

As you consider the proposed bill, it is important to recall that approximately 1.25 million Connecticut households subscribe to some form of pay-TV, whether delivered by cable, fiber, or satellite—comprising more than 90% of all households in the state. S.B. 104 would therefore increase taxes on virtually every Connecticut family.

S.B. 104's new tax will exacerbate the problems of the current pay-TV tax structure. Unnecessarily high pay-TV taxes place huge financial burdens on the state's citizens, impair access to essential information sources, and erode the tax base by driving consumers out of the market altogether. Given these adverse effects, it is unsurprising that while this bill proposes increasing the pay-TV tax, the only other state with comparable tax rates (Florida) has worked diligently in recent years to decrease the tax burden. Connecticut should consider reducing existing taxes on satellite pay-TV—not increasing them.

This bill will have other detrimental economic effects. Additional taxes discourage residents from subscribing to pay-TV. This not only decreases state revenue by reducing

[1] Florida's aggregate satellite pay-TV tax rate is the highest in the country at 11.44%— mere .09% higher than Connecticut's aggregate tax rate under existing law.

demand for taxable pay-TV services generally, it negatively impacts the many Connecticut residences and businesses that are part of the satellite pay-TV industry, including hundreds of retailers and installation technicians across the state. The livelihoods of these Connecticut residents depends on healthy demand for satellite pay-TV service.

Finally, key provisions of the bill conflict with federal law and therefore violate the U.S. Constitution. In addition to levying a new tax to fund the civil affairs network, the bill requires that every "multi-channel video provider"—including satellite providers DISH Network and DIRECTV—carry the network in their basic programming packages. Congress, however, has vested the Federal Communications Commission with "*exclusive jurisdiction* to regulate the provision of direct-to-home satellite services," 47 U.S.C. § 303(v) (emphasis added), and thereby expressly deprived states of any authority to determine what channels satellite providers must carry. Connecticut must yield to this federal law.

For these reasons, we ask that you oppose S.B. 104, both to protect residents from even higher pay-TV taxes, and to ensure the state's continued adherence to federal law. Thank you for the opportunity to speak with you today on this important issue.