



March 20, 2017

The Honorable Tim Schaffer  
Ohio House of Representatives  
77 S. High Street, 11<sup>th</sup> Floor  
Columbus, OH 43215

Dear Chairman Schaffer:

On behalf of our combined 2.5 million Ohio customers and over 11,500 Ohio-based employees, we respectfully request that you oppose a plan that would result in double taxation of wireline TV subscribers, more commonly referred to as cable TV subscribers.<sup>1</sup>

This proposal, included in House Bill 49, would impose new and higher sales taxes on cable TV subscribers on top of what these customers already pay on their monthly bills.

Cable customers already pay a tax on their TV service at the local level, known under Ohio law as the video service provider fee. Under this state statute, municipalities and townships can unilaterally impose a fee of up to 5 percent on the TV portion of the bill. With other local add-ons, the effective rate of this tax can even exceed 5 percent. Direct Broadcast Satellite (DBS) service (such as DISH and DirecTV) is not subject to this tax, or any local taxes, as this is prohibited by federal law.

The proposal in H.B. 49 would impose a new sales tax on cable service that would more than double the tax burden of cable TV customers. Adding a state sales tax, which H.B. 49 proposes increasing to 6.25 percent, plus any applicable county “piggyback” tax (which could be up to an additional 3 percent, depending on the county), could result in a possible 14.25 percent tax rate on cable TV service.

This plan would upend the level playing field that currently exists under Ohio law with respect to taxation of cable and satellite TV. The following chart illustrates the disparity the new sales tax on cable would create between cable and DBS:

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<sup>1</sup> “Wireline” includes video service by traditional cable companies, such as Charter Communications and Comcast, as well as video service provided by telephone companies such as those signing this letter, and others. For simplicity, herein “cable” includes all wireline video providers.

	<b>Cable TV Services</b>	<b>DBS Services</b>
<b>Sales Tax</b>	6.25 percent	6.25 percent
<b>Piggyback Sales Tax</b>	Up to 3 percent	N/A-Prohibited by federal law
<b>Local VSP Tax</b>	Up to 5+ percent	N/A-Prohibited by federal law
<b>TOTAL</b>	<b>Up to 14.25+ percent</b>	<b>6.25 percent</b>

As you can see, the practical effect of taxing cable TV service twice would be to more than double the tax burden these customers currently carry. It should be noted as well that cable customers would bear the brunt of the proposed new sales taxes contained in H.B. 49, with approximately two-thirds of the projected revenue coming from cable subscribers.

The Ohio General Assembly has long recognized that taxing cable TV customers at both the local and state level, when satellite service can only be taxed at the state level, would be inequitable. In 2003, when the legislature adopted the state sales tax on DBS service, that action served to level the tax burden between cable and satellite customers.

The Ohio House and Ohio Senate rejected proposals to double tax cable service in each of the last two state budgets. We respectfully urge that this be the outcome in 2017 as well.

Sincerely,

Mike Sammon, General Manager – North East Ohio  
**Armstrong**

Eric W. Roughton, General Manager  
**Arthur Mutual Telephone Company**

Phil Maag, General Manager  
**Ayersville Telephone Company**

Nate Brickner, Manager  
**Bascom Mutual Telephone Company**

Jeff Abbas, President & General Manager  
**Buckeye Broadband**

Douglas G. Place, General Manager  
**Buckland**

Gary Underwood, Regional VP, Government Affairs,  
Midwest  
**Charter Communications**

Bill McKell, President & CEO  
**Chillicothe Telephone (Horizon)**

Ted Heckmann, Sr. Director, Regulatory &  
Government Affairs  
**Cincinnati Bell Telephone**

James M. D’Innocenzo, VP State Government,  
Legislative & Regulatory Affairs  
**Comcast**

Jay Allbaugh, Senior VP, Northeast  
**Cox Communications**

Thomas Brockman, President  
**Doylestown Telephone Company**

Jimmy Gruttadaurio, General Manager  
**East Cleveland Cable**

Cheryl Bostelman, General Manager  
**Farmers Mutual**

Mike Metzger, General Manager  
**Fort Jennings Telephone Company**

David Hunt, Manager  
**Glandorf Telephone Company, Inc.**

Kevin Flanigan, President  
**GLW Broadband**

Chris Sieberneck, CEO  
**GreatWave Communications (Conneaut Telephone Company)**

Chris J. Phillips, Manager  
**Kalida Telephone Company, Inc.**

Lance Miller, President  
**McClure Telephone Company**

Robert Gessner, President  
**MCTV**

Lonnie Pedersen, COO  
**Middle Point Telephone Company**

Paula McGraw, General Manager  
**Falcon 1 (Minford Telephone Company)**

Jim Edwards, Manager  
**Nelsonville TV Cable Inc.**

Preston Meyer, General Manager  
**NK Telco (New Knoxville Telephone Company)**

Ralph L Potts, General Manager  
**Oberlin Cable Co-Op**

Jonathon McGee, Executive Director  
**Ohio Cable Telecommunications Association**

Kathy E. Hobbs  
**Ohio Rural Broadband Association**

Chris Hardy, Local Manager  
**Orwell Communications (FairPoint Communications)**

Bill Honigford, General Manager  
**OTEC (Ottoville Mutual Telephone Company)**

Chris Hardy, Local Manager  
**Quality One (Columbus Grove Telephone Company– FairPoint Communications)**

David Gobrogge, General Manager  
**RTEC (Ridgeville Telephone Company)**

Rick Rostorfer, General Manager  
**Sherwood Mutual Telephone Association, Inc.**

Peter Brown, Vice President of Operations  
**Suddenlink**

Rick Ekleberry, General Manager  
**Sycamore Telephone Company**

Lonnie D. Pedersen, COO  
**Telephone Service Company**

Paul Fletcher, General Manager  
**Vaughnsville Telephone Company**

Mike Boley, President & CEO  
**Wabash Mutual Telephone Company**

cc:

House Ways and Means Committee  
House Finance Committee  
Speaker Cliff Rosenberger  
Rep. Fred Strahorn  
Mike Dittoe  
Nick Muccio

Shawn Kasych  
Dan Baker  
Heather Blessing  
Andy DiPalma  
Ronnie Romito