



March 20, 2017

The Honorable Tim Schaffer
Ohio House of Representatives
77 S. High Street, 11th 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.¹

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:

¹ “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.

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

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:

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