

National Association of Counties
National League of Cities
United States Conference of Mayors
International City/County Management Association
Government Finance Officers Association
National Association of Telecommunications Officers and Advisors

October 27, 2011

United States House of Representatives
Washington, DC 20510

Dear Representative:

We write to express our strong opposition to the *Wireless Tax Fairness Act of 2011* (H.R. 1002), that preempts state and local taxing authority at a time when most jurisdictions are facing severe budget shortfalls in addition to record cutbacks and eliminations in federal assistance. This legislation represents an unwarranted federal intrusion, as it carves out one sector of the communications industry for favorable tax treatment. It creates an uneven playing field and unfair competition for other communications service providers.

Moreover, the bill would cause great damage to our system of federalism and the fiscal health of state and local governments while purporting to solve a problem – the supposed dampening effect of taxes on wireless service growth – that simply doesn't exist. In fact, the wireless industry has yet to present any data indicating that state and local wireless taxes have had any adverse effect on wireless service subscribership, revenue or investment. Quite the contrary, wireless industry subscribership, revenue and investment continue to soar even as the industry complains about its state and local tax burden.

The wireless industry is just one of many industries requesting that Congress preempt state and local taxing authority. Any one industry's plea for federally mandated tax favoritism will open the door for other industries asking Congress for similar preemption. If H.R. 1002 becomes law, Congress will continue to be flooded with demands from other industries, such as rental car and online travel companies, seeking exemption from state and local taxes.


In order for states and local communities to continue to recover from the Great Recession, they must have at their disposal all the tools and resources available to balance their budgets, preserve and create jobs and provide essential services, like police, fire and education. What this bill does is take away one of these tools – to tax the wireless industry – at the expense of other taxpayers and businesses. It is incumbent for all members of Congress to support their state and local partners and preserve their taxing authority.

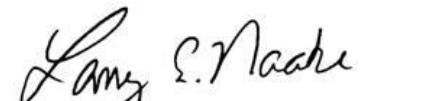
State and local governments remain willing partners in efforts to reform communications taxes. This is evidenced, in fact, by the several states that have undertaken such reform initiatives in recent years. However, mandating that state and local governments provide favorable treatment to the wireless industry – as this bill does – over other sectors of the communications industry and other industries generally, will not encourage additional state and local communications tax reform initiatives. It creates an obstacle to such reform.


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For these reasons, we urge you to oppose H.R. 1002.

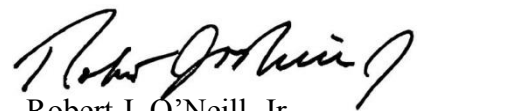
Respectfully submitted,

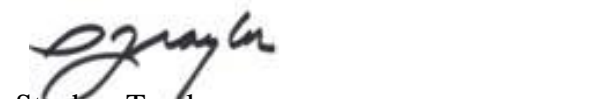

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