

WHY DO 4 MILLION TEXANS PAY MORE THAN DOUBLE THE TAXES & FEES IMPOSED ON SATELLITE CUSTOMERS? After all, TV is TV.

Watching TV, whether for information, education, or entertainment, is technology-neutral.

That is, the viewing experience varies little whether a program is delivered by cable or by satellite. As the interim report of the Texas House Ways and Means Committee put it, “to the viewer the services are virtually indistinguishable.”

However, a loophole artificially benefits satellite providers to the detriment of cable customers.

Texas’ cable TV subscribers pay more than double the fees and taxes on their service that satellite subscribers pay - meaning more than 4 million Texans are being unfairly taxed. Because the viewing is the same, there is no justification for how the two services are treated differently in terms of tax policy.

Texas can close the loophole so that satellite providers are not given preferential treatment.

The loophole can be significantly narrowed by employing a simple, fixed percentage state assessment on subscription video – applied equally to cable and satellite – and allowing a balancing credit for franchise fees already imposed by Texas cities.

Cable’s superior employment and compensation of Texans should not be punished.

Cable companies are being unfairly penalized by a tax system that was built on 1970s technology and the federal government’s meddling in a free market. Cable providers have invested in the people of Texas, employing nearly 55,000 Texans. This dwarfs the less-than-7,000 employed by satellite. And state data suggests that despite a growing share of the subscription TV market, satellite providers have been actually employing fewer Texans over the past five years. And along with employing a larger number of Texans, cable pays its employees better than satellite – per job, an average of 63% better.

Current Video Services Tax Comparison

TYPE	CABLE	SATELLITE
State Sales Tax	6.25%	6.25%
Local Sales Tax	2.00%	0.00%
Local Franchise Fee	6.25%	0.00%
TOTAL	14.50%	6.25%