



July 29, 2013

Dear Member of Congress:

We the undersigned groups, representing millions of Americans, urge you to co-sponsor the bipartisan Wireless Tax Fairness Act of 2013, H.R. 2309, which was introduced by Reps. Zoe Lofgren (D-CA) and Trent Franks (R-AZ). The bill would provide a five-year freeze on any new discriminatory taxes or fees imposed on wireless services by state and local governments. Not only are these taxes exorbitant, regressive, and unfair for wireless consumers, but they also stall the much-needed growth of broadband across the nation.

Wireless taxes are significantly higher and more regressive than general sales taxes, which average about 7 percent. The average wireless tax, on the other hand, has skyrocketed to 17.2 percent and in some parts of the country, the combined federal, state and local rate exceeds 25 percent.

A federal solution to curbing wireless taxation is needed, now. This is a legitimate use of Congress' commerce clause power because few markets are more interstate in nature than wireless services, thus Congress has the power to limit states' ability to impose burdensome taxes. The five-year freeze on wireless taxes is a pro-consumer, pro-business, pro-taxpayer, and bipartisan solution to this growing problem. During the five-year timeout interested stakeholders could work collaboratively to come up with a telecommunications tax system that would provide the appropriate levels of tax revenue to state and localities, but keep important wireless services affordable.

The Congressional Budget Office (CBO) has scored the legislation and because of the prospective nature of the bill, CBO has determined that it would have no revenue impact

on states, localities or tribal governments. Whatever revenue states and localities currently collect from wireless consumers, they would continue to collect.

American families and businesses are paying tax rates on wireless services that are comparable to those placed on overtaxed items such alcohol and tobacco. Studies show that of the \$21 billion collected annually from wireless taxes, for every \$1 collected, \$2.75 is lost in additional uses, such as app purchases or other mobile based subscriptions. As a result, not only are users deterred from utilizing wireless broadband, but overall economic growth is hindered as well.

We urge you to show your support for freezing increases in discriminatory state and local wireless taxes by co-sponsoring H.R. 2309 before the August recess.

Sincerely,

Brandon Arnold, Vice President
National Taxpayers Union

Katie McAuliffe, Executive Director
Digital Liberty

Grover Norquist, President
Americans for Tax Reform

Phil Kerpen, President
American Commitment

James Valvo, Director of Policy
Americans for Prosperity

Tom Schatz, President
Council for Citizens Against Government Waste

Joseph Bast, President
The Heartland Institute

Seton Motley, President
Less Government

Andrew Moylan, Senior Fellow
R Street Institute

David Williams, President
Taxpayers Protection Alliance