



Testimony in Opposition to SB547

Oral Testimony

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Senate Federal & State Affairs Committee

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I appear before you today on behalf of the members of the Kansas Cable Telecommunications Association who serve Kansas consumers, your constituents, in all four corners of the state. The cable industry strives to offer the most advanced technology available for Kansans, rivaling that that can be found in any state in the country. Key to our ability to achieve that in a state like Kansas however, is support of a regulatory environment where competition for customers is fair, open, and non-discriminatory. Consumers and providers benefit most from fair competition that is based on product, pricing and service.

The other key factor to our ability to make sure Kansas consumers don't get left behind as it relates to choices of state of the art technology,...is investment. There is a state by state fight, for scarce dollars dedicated to upgrading telecommunication plant, and other technology upgrades. These dollars tend to go towards states that allow providers to compete on a fair basis in hopes of winning customers and a fighting chance for return on investment.

As an industry, we are adamantly opposed to SB547 for several reasons, and we urge your support in taking a longer look at the issue, and the opportunity to modernize and make fairer, the entirety of Kansas' telecommunications tax policy.

Although SB547 appears simple and straightforward on its' face, it will have a tremendous ripple effect. We respectfully suggest that the goal of any tax policy should be: 1) that of a consumer-focused nature, in that they should have a tax-neutral choice among telecommunication services, and 2) one that supports parity among providers, not favorable treatment for one competitive provider to the detriment of another. (Please see chart on second page)

It is with that thought in mind, that we respectfully ask you to not support this bill in the waning days of the Legislative Session, and do support an effort that brings together all interested parties over the summer to work towards agreed-upon legislation modernizing telecommunications tax policy which was set in statute some 16 years ago!

This is an issue that should not be taken lightly, nor decided-on hastily, and we urge that you support a more thoughtful approach in support of true telecommunications policy modernization and parity.

I am thankful for the opportunity to offer our thoughts on this important issue, and am happy to stand for questions at the appropriate time Mr. Chairman.

VIDEO			
Tax/Regulatory Fee	Cable	DBS	Streaming Video
State Sales Tax ^[1]	6.5%	6.5%	0% ^[2]
Local Sales Tax ^[3]	Up to 3%	0% ^[4]	0%
Franchise Fees	Up to 5.0% ^[5]	0%	0%
PEG Fee	0%	0%	0%
ROW Permit/Management fee	No ^[6]	0%	0%
Total	Up to 14.5%	6.5%	0%

^[1] K.S.A. 79-3603.

^[2] Internet access services do not include charges for accessing restricted websites downloading information, or similar on-line services that are utilized after the network has been accessed. These services, while not classified as internet access services are not subject to Kansas tax unless they involve the delivery of prewritten software. Information Guide EDU 71-R, "Revised Sales Tax Guidelines: Taxing charges for Computer Products and Services and Internet Related Sales and Services," KANSAS DEPT. OF REV. (Jul. 23, 2010).

^[3] K.S.A. 12-189.

^[4] Charges by satellite-television providers for television and other satellite services are subject to Kansas state sales tax, but not to local sales tax (federal law prohibits the taxation of satellite services at the local level). See Information Guide EDU-71R (Jul. 23, 2010).

^[5] See K.S.A. 12-2024 (capping fees a municipality may collect from video service providers to not more than five percent of their gross revenues).

^[6] See K.S.A. 12-2023 (prohibiting municipalities from imposing any fee, license or gross receipts tax on video service providers, on there than the fee specified in subsections (b)-(e) in section 12-2024 [video service provider fee] of the Video Competition Act).