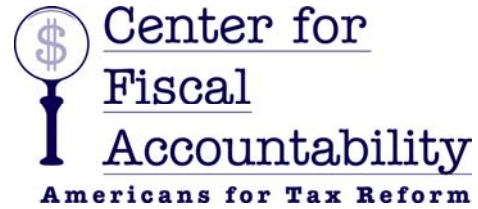




AMERICANS *for* TAX REFORM

Grover G. Norquist
President



October 20, 2008

The Honorable Jeff Lewis
Chair, Public Utilities and Telecommunications Committee
Room 401 State Capitol
Atlanta, Georgia 30334

RE: House Telecommunications Competition Review Study Committee

Dear Representative Lewis,

In your capacity as the chair of the House Telecommunications Competition Review Study Committee, I write to encourage the committee to include in its report a recommendation to make access fees a transparent line item on Georgia consumers' telecom bills, provided that suggested reforms to the state's telecom system do not raise taxes on companies or consumers.

As a signer of the Taxpayer Protection Pledge, you understand the burden that taxes place on consumers and businesses. The Center for Fiscal Accountability and Americans for Tax Reform Foundation have calculated how much taxes add to the cost of goods and services, including telecom utilities. After accounting for the Universal Service Fund, city and state telecommunications taxes, and other federal, state, and local taxes, consumers across the country already spend 51.8% of their landline phone bill and 46.4% of their wireless bill paying for government taxes and fees.

Since the true burden imposed by government is often hidden, as is the case with utility access charges paid by Georgia consumers, taxpayers lack the ability to make informed decisions and to hold their elected officials accountable. In fact, a 2007 report by the Georgia Senate Communications Taxes, Fees, and Telecom Franchising Processes Study Committee agreed, concluding that the telecom tax structure in Georgia "is complex and does not abide by rules of fairness and transparency." It continued, "This results in a discriminatory tax structure that creates both distortion in the free marketplace and customer confusion." Currently in Georgia, landline phone service, for example, incurs state and local service taxes, the Georgia Universal Service Fund tax, local franchise fees, right-of-way fees, occupational taxes, and emergency 9-1-1 fees.

By making these fees and taxes transparent line items on consumers' bills, Georgians will see exactly how taxes inflate the cost of their goods and services. Transparent taxes can also promote market-based competition, a goal in House Resolution 1288 that created the study committee, by helping Georgians to understand taxes that target certain telecom services. As long as these reforms do not place an additional tax burden on consumers or companies, taxpayers will greatly benefit from this enactment and will appreciate your efforts on their behalf.

Thank you for the opportunity to provide input on the committee's report. If you have any questions, you can contact Kelly Cobb, state affairs manager, at 202-785-0266.

Onward,

Grover Norquist
President
Americans for Tax Reform

Sandra Fabry
Executive Director
Center for Fiscal Accountability

CC: Members of the House Telecommunications Competition Review Study Committee

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