



Alliance of  
California Taxpayers  
&  
Involved Voters

**Butte County  
Taxpayers Association**



Coalition for Accountable Government



## An Open Letter to Congress: Competition Is the Key to Unlocking More Choices and Lower Costs for Consumers of Video Services

July 26, 2005

Dear Member of Congress:

We the undersigned are writing to support efforts in Congress to bring much needed competition to the communications marketplace for video services. Vibrant commercial competition for video services – as it already exists in virtually all other aspects of the communications industry – will result in better services, lower prices, and superior quality for all American consumers.

The combination of vigorous free market forces and new technologies is finally beginning to create the kind of communications marketplace promised to consumers when Congress passed the landmark Telecommunications Act of 1996. This competition has spurred exciting developments in communications services few would have envisioned or predicted when the Act was passed almost 10 years ago.

Today cable companies and telecommunications providers are experiencing a wholesale transformation of their business models as they increasingly compete with each other to offer advanced services such as high-speed broadband and innovative new phone services like Voice over Internet Protocol.

However, while there is much to applaud in the sensible policies of Congress and the current Administration to facilitate a competitive communications industry, we believe there remains a series of formidable obstacles with the potential to negate the many advantages of a truly deregulated marketplace. Local franchise regulations, fees, and taxes on both cable companies and new entrants in the video services market are having the practical effect of impeding the spread of competition, thereby depriving consumers of the economic benefits this process normally provides.

Nowhere is this more apparent than in the area of video services. A patchwork of outdated local regulations requiring franchise fees is creating a substantial barrier to entry to potential new competitors, and preventing existing providers from rolling out advanced video services to consumers. As a result, cable TV providers continue to comprise the dominant and often the only service for consumers in many areas of the country. Not surprisingly, while rates for all other telecommunications services have fallen or remained steady as competition has taken hold, cable prices have increased by more than 85 percent in the last 10 years.

While the system of exclusive franchises granted to cable providers by municipalities may have worked well for its time, today both cable and new video service providers have the technical tools and market incentives to offer consumers new products and services that are far superior to traditional cable programming. To do so, however, they must be freed from having to comply with more than 30,000 local franchise regulatory regimes across the country.

This patchwork of local rules and regulations runs counter to the trend of new investment and free market competition in telecommunications that

Arkansas Taxpayers'  
Rights Committee

Center for a  
Just Society

MAHOANS FOR TAX REFORM

Hebron Dollars & Sense  
Caring for the Future of Our Town and Community...

New York  
Tax Reform  
Organization

COUNCIL FOR  
CITIZENS  
AGAINST  
GOVERNMENT  
WASTE

THE MEDIA FREEDOM PROJECT  
A Project of Americans for Tax Reform

Homeowner-Taxpayer  
Association, Inc.



Kalamazoo County  
Taxpayers Association



Organization United  
to Reduce All  
Government Excesses

RS REDSTATE.ORG



TENNESSEE TAX REVOLT  
A NON-PROFIT TENNESSEE CORPORATION  
HERE TO KEEP YOU INFORMED!

West Virginians Against Government Waste

Congress helped to unleash with the 1996 Act. The current regulatory environment requiring cable companies and their potential competitors to negotiate agreements with 30,000 local franchising authorities not only discourages competition and the attendant benefits to consumers, it also undermines attempts by new providers to offer a "bundled" package of services that includes video, voice, and data.

As strong believers in the benefits of free markets and competition, we view the debate on legislation such as the proposed Video Choice Act of 2005 to be a positive step towards clearing the regulatory underbrush created by the current franchising system in the video services market. We hope you'll agree that the national interest would be well served by freeing cable providers and their new competitors from the burdensome system of local franchise regulations, fees, and taxes that discourages competition in the area of video services.

Congress can continue to move in this direction by ensuring that future legislation removes regulatory barriers on communications services and fosters an environment where companies compete for consumers based not on local regulatory compliance, but on price, quality, and service.

Sincerely,

National Taxpayers Union  
John Berthoud, President  
Virginia

Alliance of California Taxpayers & Involved Voters  
Jane Armstrong, Chair  
California

American Conservative Union  
Stacie Rumenap, Deputy Director  
Virginia

Americans for Prosperity  
Michelle Korsmo, Executive Vice President  
District of Columbia

Americans for Tax Reform  
Grover Norquist, President  
District of Columbia

Arkansas Taxpayers' Rights Committee  
Oscar Stilley, Chairman  
Arkansas

Arlington County Taxpayers Association  
Tim Wise, President  
Virginia

Buckeye Institute  
Ohio

Butte County Taxpayers Association  
Frank Erridge, Secretary  
California

Center for Freedom and Prosperity  
Andrew Quinlan, President  
Virginia

Center for Individual Freedom  
Jeffrey Mazzella, Executive Director  
Virginia

Center for a Just Society  
Genevieve Wood, Vice President  
District of Columbia

Council for Citizens Against Government Waste  
Tom Schatz, President  
District of Columbia

Citizens for an Alternative Tax System  
Tony Ristaino, Director  
Maryland

Coalition for Accountable Government  
Bill Barton, Chairman  
Utah

Free Enterprise Fund  
Mallory Factor, Chairman  
District of Columbia

Freedom Alliance  
Thomas Kilgannon, President  
Virginia

Hebron Dollars & Sense  
Donna J. McCalla, Chairperson  
Connecticut

Homeowner-Taxpayer Association, Inc.  
Bob Martin, President  
Texas

Idahoans for Tax Reform  
Laird Maxwell, Chairman  
Idaho

Iowans for Tax Relief  
David Stanley, Chairman  
Iowa

Kalamazoo County Taxpayers Association  
Raymond H. Wilson, Steering Committee Member  
Michigan

Media Freedom Project  
Tom Readmond, Executive Director  
District of Columbia

New York Tax Reform Organization  
Fred Lane, Chairman  
New York

Organization United to Reduce All Government Excesses  
Darrel W. Bruck Jr., President  
Illinois

Public Interest Institute  
Donald P. Racheter, President  
Iowa

Redstate.org  
Joshua Trevino, President  
Virginia

Small Business and Entrepreneurship Council  
Karen Kerrigan, President and CEO  
District of Columbia

Tennessee Tax Revolt, Inc.  
Rick Durham, President  
Tennessee

West Virginians Against Government Waste  
Henry L. Thaxton, Director  
West Virginia