

It's your money, so vote that way

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Ohio's TV fans never expected discriminatory treatment to come from the state's tax code, but fortunately, they can count their "Blessing" - in the form of a state lawmaker who's vowed to stop this nonsense.

Five years ago, Ohio lawmakers approved a special 5.5 percent tax on TV viewers getting their signal from a satellite service. Here's the kicker: Cable users are completely exempt from the tax. So you and your neighbor could be enjoying the exact same TV program, but you'd be paying more in taxes if you're using a satellite dish while they're relying on cable. And the resulting bill isn't insignificant - satellite consumers have forked over \$100 million in extra taxes since 2003, with another \$40 million expected in 2008 alone.

Sounds like a bad deal, right? Imagine paying a higher tax rate if you received your salary via direct deposit instead of a check. Or paying taxes on chocolate ice cream but not vanilla. The same thing goes with TV service: Consumers shouldn't have to pay higher taxes just because they use satellite instead of cable.

Ohio is one of six states (the others are Florida, Kentucky, North Carolina, Tennessee and Utah) to levy video service taxes on satellite TV that are significantly higher than those levied on cable TV or other consumer products. Thankfully, Republican Rep. Louis Blessing Jr. has introduced a bill (House Bill 599) that would end the state's discriminatory tax on satellite TV.

Last November, the Franklin County Court of Common Pleas ruled against this "teacher's pet" treatment that uses government to give one product an artificial competitive advantage over another. At the federal level, Congress is considering the State Video Tax Fairness Act, which would prohibit discriminatory taxes on similar multichannel video programming products. However, Ohio leaders can and should step up to the plate sooner by passing House Bill 599 and repealing this anti-consumer tax.

The trend of using tax laws to handicap competitors' products while giving oneself a leg up is disturbing. After all, it's easy for lobbyists to add discriminatory tax policy to their to-do lists while they're already asking for various types of corporate welfare handouts from state and local officials.

Cable providers claim that the policy is fair because they've paid government "franchise fees" in exchange for public rights of way to lay cable. But satellite TV signal providers have shouldered heavy burdens, too, by paying billions for FCC licenses and millions in annual fees. From the consumer's perspective, the satellite TV tax is a cost other TV viewers don't have to bear - hardly a fair set up.

Some have suggested applying the tax to all TV service providers as a way to bring about parity, but this is unlikely given the cable lobby's clout in Columbus. In this case, however, lobbying clout is a good thing. After all, levying higher taxes on everyone improperly focuses the debate over tax discrimination on a form of "fairness" that only fills government's coffers further - that is, making sure providers of similar services suffer the misery of equally harsh taxes. The "fairest" fee or tax rate - for providers and taxpayers alike - is zero.

So what should happen next in this TV drama? In addition to repealing the discriminatory tax, state officials ought to take a cue from the IRS in refunding taxes that were collected improperly. Just last year, the IRS encouraged taxpayers to take a standard refund on their federal income tax forms for a telephone tax courts found to have been improperly and excessively billed. Ohio could do the same and create a "satellite TV tax refund" on the 2008 or 2009 state income tax returns.

Telecommunications of all varieties have been targets for disproportionate and punitive taxes since the Spanish-American War, slowing much of the progress and productivity that could have emerged to enrich our society sooner. Ohio should reject old-school parochial tax treatment that favors some over others and allow products to compete equally on their merits. Customers should decide who makes the grade in the marketplace, not government.

Kristina Rasmussen is director of government affairs for the National Taxpayers Union (www.ntu.org), a nonpartisan citizen group that works for lower taxes and smaller government.