

Statement of Congresswoman Zoe Lofgren

**Before the
Subcommittee on Courts, Commercial and Administrative Law
Committee on the Judiciary
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Hearing on H.R. 1002, the Wireless Tax Fairness Act of 2011

Thank you Chairman Coble, Ranking Member Cohen, and members of the Subcommittee, for holding this hearing on H.R. 1002, the Wireless Tax Fairness Act of 2011 and for inviting me to testify before you today.

This is the third Congress where I have introduced this legislation. It would impose a five-year moratorium on new, discriminatory taxes imposed only on wireless telecommunications services by state and local governments. The measure itself may be modest, but the goals that inspired it are not. The Wireless Tax Fairness Act would advance core national priorities of innovation, economic growth, and competitiveness, by fostering the expansion of next-generation communications and information networks.

We in Congress know well that taxation is, inherently, a tool of substantive policymaking. Taxes are necessary to raise government revenues, but can also create significant incentives that either encourage or discourage particular activities. It is the responsibility of government to

broadband adoption, so we have some catching up to do.³ Broadband Internet is critical infrastructure, like highways, ports, or the power grid. It's essential to daily life and to future economic growth.

As the FCC explained in the National Broadband Plan, "wireless broadband is poised to become a key platform for innovation in the United States over the next decade."⁴ The use of new spectrum from the 700 megahertz auction and the deployment of "4G" networks are just beginning. These technologies have tremendous promise: not just faster internet access but also many new, innovative applications. Anyone who has spent even a few minutes playing around with the applications on an iPhone or a Blackberry has caught a glimpse of what the future might hold.

Unfortunately, discriminatory tax rates on wireless service inhibit the expansion of these services. At a hearing during the 111th Congress, this subcommittee heard uncontested testimony about the peer-reviewed evidence that higher wireless taxes directly reduce both consumer adoption of wireless services and investment in wireless networks. As the National Broadband Plan put it, "The U.S. must lead the world in broadband innovation and investment and take all appropriate steps to ensure Americans have access to modern, high-performance broadband and the benefits it enables."⁵ At a time when the government is pursuing many other ways to expand wireless broadband, including the possible reallocation of spectrum via auctions, it makes no sense to allow excessive taxes to be imposed on such investments.

³ OECD Broadband statistics, July 2010, http://www.oecd.org/document/0,3746,en_2649_201185_46462759_1_1_1_1,00.html.

⁴ Federal Communications Commission, *National Broadband Plan* at 75.

⁵ *Id* at 29.

protect and advance national imperatives. This is one of those rare instances. We should not let discriminatory taxes threaten the growth and innovation that advanced wireless networks will unleash.