

October 31, 2011

Re: Unions Oppose “Wireless Tax Fairness Act of 2011” (H.R. 1002) – (Vote scheduled Nov. 1)

Dear Representative:

The undersigned unions strongly oppose the “Wireless Tax Fairness Act of 2011” (H.R. 1002) because it would restrict state and local government taxing authority and establish a harmful and financially costly precedent of federal preemption over state and local fiscal decision-making. We urge you to vote “no” on H.R. 1002.

We oppose H.R. 1002 because it fails to take into account that state and local tax systems vary greatly from state to state and locality to locality. For many reasons, differing jurisdictions tax varied goods and services, tax these at varied rates, and have varied revenue needs. Furthermore, each jurisdiction’s budget changes over time due to regional economic cycles, the local impact of national economic trends, and fluctuating demographics. Given that each jurisdiction’s budget reflects its own constituencies, its elected and appointed decision-makers should retain authority to decide their own tax policy independently. While the concerns highlighted above are always important, the current climate of high unemployment, slow growth, and low tax revenues highlights that state and local governments need autonomy and flexibility.

H.R. 1002 would prohibit state and local governments – for five years after enactment – from imposing new taxes on mobile services, providers, and property at a higher rate than the tax on other respective services or tangible personal property, businesses, or commercial or industry property. This constraint on taxing authority interferes with state and local decision-making and confers an unfair advantage on one industry.

We live in a time of ever changing technological progress. Each day, hundreds of millions of Americans regularly use cell phones, smart phones, and wireless devices for personal communications, work tasks, leisure, private and public interactions, and purchases and sales. Many parts of these daily activities were unknown just a few years ago. Furthermore, every day Americans discover and use new and previously unknown applications and activities. For these reasons, it is unwise to enact a new federal policy of preemption – especially for a full five years. In the last five years, cell phone and wireless usage of many applications has expanded exponentially – within the existing framework of autonomous state and local taxation. Given that the use of mobile devices and communications is everywhere and expanding with high levels of subscribership, revenues and investment, the need for H.R. 1002 is clearly overstated.

We urge you to vote “no” on the “Wireless Tax Fairness Act of 2011”.

Sincerely,

American Federation of Labor and Congress of Industrial Organizations (AFL-CIO)
American Federation of State, County and Municipal Employees (AFSCME)
American Federation of Teachers (AFT)
Department for Professional Employees, AFL-CIO
International Association of Firefighters (IAFF)
International Federation of Professional and Technical Engineers (IFPTE)
National Education Association (NEA)