

Column - Skip Ogle: Sorry, wrong number: Disconnect outdated telephone tax

Opinion

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AUSTIN - Like all Texans, Panhandle residents work hard for their money but generously lend a helping hand to those in need. It's doubtful that giant telephone companies could be classified as needy, yet every year, Texans hand over hundreds of millions of dollars to these corporate behemoths through an outdated tax we pay each month on our home, mobile and business phone bills.

All telephone providers, even cable operators, are legally required to collect this 4.44-percent Texas Universal Service Fund tax from their customers.

But, unlike the incumbent phone companies, cable operators do not get any of it back as a public subsidy. It is distributed to companies like AT&T and Verizon, even if the phone taxpayer does not subscribe to their services.

Cable companies are committed to serving our customers without taxpayer handouts and don't want TUSF money. What the cable industry and others advocate is reform of the archaic TUSF process to be sure its funds are used for their intended purpose. And maybe Texans will get a much-deserved tax break.

Changes could be on the horizon. The TUSF is the subject of a contested case now under way at the Public Utility Commission of Texas. While a final ruling on the tax is not expected until next summer, now is the time for Texans to speak up and ask the PUC, state legislators and their telephone provider to restructure the obsolete phone tax.

TUSF was created by the Texas Legislature in 1999 to fund numerous communications needs. A small portion of TUSF money finances worthy consumer assistance programs such as Lifeline, which provides discounted telephone service for low-income Texans, and Relay Texas, which helps the hearing impaired communicate.

Suddenlink and Texas cable companies support keeping Lifeline, Relay Texas and similar programs funded through the TUSF. We believe all Texans deserve affordable basic phone service.

However, about 75 percent of TUSF fees subsidize large telephone companies (more than \$425 million in 2006) such as AT&T, Verizon and Windstream. This money was originally intended to provide reasonably priced basic telephone service to rural and hard-to-serve Texans. It's this component, known as the "large carrier fund," that is now in question.

Conditions are much different than when the TUSF was created. "Rural" areas continue to be defined using 10-year-old data, which does not include new development and new competition.

Telecommunications changes during the past decade have been significant. The telephone giants, which continue to enjoy exceptionally high profits, now operate in deregulated markets that let them set their own prices, and they use advanced technology that lets them serve parts of the state more efficiently.

Considering these conditions, the Texas Legislature in 2005 asked the PUC to review the continued need for the TUSF large carrier fund.

Right now, no one, including the PUC, requires the corporate recipients of these funds to show how much it really costs to provide telephone service to hard-to-serve areas, and the phone companies are not required to show how they spend TUSF dollars.

Even a majority of rural Texans - those intended to benefit most from TUSF - say the fund needs reforming and currently benefits big telephone companies more than rural telephone customers, according to a recent statewide poll by Wilson Research Strategies. Overall, only 4 percent of Texans believe the TUSF large carrier fund should be left intact.

Hard-working Texans must be assured that their dollars are being used as intended and not flowing to corporate bottom lines.

If much of the TUSF is no longer needed, Texans deserve to get a tax break.

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