

112TH CONGRESS  
1ST SESSION

# H. R. 1804

To prohibit discrimination in State taxation of multichannel video programming distribution services.

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IN THE HOUSE OF REPRESENTATIVES

MAY 10, 2011

Mr. SENSENBRENNER (for himself, Mr. CONYERS, and Mr. JORDAN) introduced the following bill; which was referred to the Committee on the Judiciary

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## A BILL

To prohibit discrimination in State taxation of multichannel video programming distribution services.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “State Video Tax Fair-  
5 ness Act of 2011”.

6 **SEC. 2. PROHIBITION.**

7 No State shall impose a discriminatory tax on any  
8 means of providing multichannel video programming dis-  
9 tribution services, including Internet protocol technology

1 (or any successor protocol), direct broadcast satellite deliv-  
2 ery, and cable television services.

3 **SEC. 3. DISCRIMINATORY TAX.**

4 (a) DETERMINATION OF DISCRIMINATORY TAX.—

5 For the purposes of this Act, a tax is discriminatory if  
6 the net tax rate imposed on one means of providing multi-  
7 channel video service is higher than the net tax rate im-  
8 posed on another.

9 (b) NET TAX RATE.—The net tax rate imposed on  
10 multichannel video service includes any charge levied by  
11 a State legislature or other statewide taxing authority with  
12 respect to, or measured by, the charges, receipts, or reve-  
13 nues from, the provision of multichannel video service, to  
14 generate revenues for governmental purposes. The net tax  
15 rate is the effective rate paid by the provider or its cus-  
16 tomers for the service, offset by any exemption, deduction,  
17 credit, incentive, subsidy, or exclusion that diminishes the  
18 effective rate.

19 (c) EXCLUSION AND LIMITATION.—

20 (1) The net tax rate imposed on multichannel  
21 video service does not include any obligation by any  
22 name, whether a duty, fee, charge, payment, or tax,  
23 or other payment obligation, imposed or collected, in  
24 whole or in part, as consideration for, or as a condi-  
25 tion related to, the acquisition of a property right or

1 other item or service of value that is paid directly or  
2 indirectly to any State or local taxing authority.

3 (2) For purposes of paragraph (1), a service  
4 provider is deemed to be paying such an obligation  
5 indirectly to governmental units if, and to the extent  
6 that—

7 (A) governmental units had previously im-  
8 posed the obligation on, or collected the obliga-  
9 tion from, the service provider or its customers;

10 (B) the State abolished or limited the obli-  
11 gation;

12 (C) revenues collected from the payment of  
13 the obligation are directed to a fund other than  
14 the general fund; and

15 (D) the fund is directed in whole or in part  
16 to compensate the governmental units that had  
17 previously imposed or collected the obligation  
18 for lost revenue.

19 **SEC. 4. EXCEPTION.**

20 (a) **CURRENT TAXES.**—The prohibition contained in  
21 this Act shall not apply to any tax that was imposed in  
22 its current form before January 1, 2011. Nothing in this  
23 section shall preclude any such tax from being ruled dis-  
24 criminatory or otherwise illegal on any basis other than  
25 the prohibition contained in this Act and nothing in this

1 section shall affect the outcome or remedy of any pending  
2 or future litigation invoking other provisions of law.

3 (b) INTERPRETATION.—Nothing in this section shall  
4 be interpreted to mean that discriminatory taxes in the  
5 multichannel video programming marketplace are accept-  
6 able. It is the sense of Congress that such discrimination  
7 effectively stifles competition to the detriment of all con-  
8 sumers, and that states that have adopted discriminatory  
9 regimes should repeal them forthwith, even if not obligated  
10 to do so under this Act.

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