



**OPPOSITION TO THE PROPOSED
INCREASE IN THE UNIVERSAL SERVICE FUND TAX IN H.870**

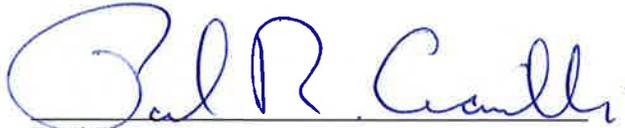
The New England Cable & Telecommunications Association, Inc. (NECTA) represents Vermont's cable telecommunications companies that compete to provide advanced broadband, voice and video products and services to our state's business and residential consumers. NECTA offers these brief comments regarding H. 870 and its opposition to the proposed increase in the Universal Service Fund tax.

- I. NECTA supports the comments of Comcast. Our goals are preventing more Vermont Universal Service Fund (USF) tax increases on our customers and ensuring competitive neutrality.
- II. USF Charges are Regressive, Discriminatory and Unfair Taxes.
 1. In Vermont, cable telecommunication consumers continue to be burdened with excessive taxes, fees and surcharges.
 2. Increases in the USF taxes are regressive and disproportionately impact poorer families and seniors. They put our businesses at a competitive disadvantage.
 3. Before there is any increase in USF taxes, Vermont should study the existing communications tax structure and consider policies that transition their tax system away from narrowly-based communications taxes to broad based taxes.
- III. Benefits of Competition Lost.
 1. Cable VoIP competition has led to significant reductions in average monthly telephone bills but the consumer benefits of lower telephone prices has been offset by increasing government taxes and fees.
 2. Consumers are communicating more using internet-based services and "over the top" applications that are either not subject to state taxes or are offered for free.
- IV. NECTA Proposed Objectives for the legislation are as follows:
 - Vermont should focus exclusively on the VUSF goals of achieving universal broadband coverage and funding E-911.
 - End the subsidy of outdated legacy voice networks, High Cost Funds, where there is little transparency over the use of the VUSF funds.

- Ensure competitive neutrality.

Thank you for this opportunity to present our views. NECTA is available to work with your Committee as you continue to consider this important policy issue.

Respectfully submitted,



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