DRAFT

DATE

The Honorable

United States Senate

Washington, DC 20510

**Re: Request to Amend S 543 - the Wireless Tax Fairness Act - To Exclude Voter Approved Tax Modifications or Increases**

Dear Senator \_\_\_\_\_\_\_\_:

We are writing you to request your support for inclusion of the attached language in S 543 – the Wireless Tax Fairness Act. This language would preserve the authority of California citizens to democratically modify or increase telecommunications taxes.

California’s local tax laws, under Proposition 218, require approval by a super majority (two-thirds) of the voters for any local tax increase. This law has served to maintain low local tax rates since it was enacted over 15 years ago. For example, the average rate of the utility users tax (UUT) imposed on telecommunications service among the 150 cities and three counties in California that levy this tax is 5 percent. This low rate is the direct result of the authority that Proposition 218 provided voters in determining their local tax rates, and voters have been very effective in protecting against excessive local tax rates on wireless telecommunications services since the law's enactment. California voters have also consistently chosen to maintain technology neutral tax parity, so that taxes on wire-line and wireless telecommunications services are imposed at the same rate.

Under the bill as introduced Proposition 218 would be superseded by a five year mandate that would override the will of California voters with respect to their ability to modify their local tax systems, and would remove the flexibility of local governments to adapt to changes in telecommunications services and fluctuations in regional and local economic conditions.

The amendment proposed here would ensure that S 543 does not impede upon the great success of Proposition 218 has accomplished in ensuring low local tax rates, and would guarantee that the effectiveness of this law continues and that the will of California voters is recognized and maintained. Further, this amendment would enable California local governments to retain the flexibility they need to modify local tax ordinances as necessary to respond to the challenges of the current national economic downturn, as well as to changing demands that future advancements in telecommunications services impose on public rights of way.

Thank you for your consideration and we look forward to working with you to develop the best solution for our California local governments and our constituents.

Sincerely,