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Sen. Eltife Pledges Help To End Unnecessary Tax

New taxes are like party guests; they're easy to invite over, but they're hard to eject at the end of the evening. This analogy works pretty well, in fact; you invite just a few select guests for an intimate dinner party, but before long they've invited all their friends, acquaintances and neighbors. They're eating your food and drinking your beverages and teaching your children to cuss.

Lawmakers often find it easy to create a new tax, when there's a specific, recognizable purpose that's readily explainable to the public. Such was the case with the Telecommunications Infrastructure Fund (TIF) tax. It was created in 1995 to help fund broadband services for schools, hospitals and other public buildings in Texas. It was a seemingly insignificant 1.25 percent tacked onto telephone bills, and it was supposed to be temporary.

The tax raised far more than the \$1.5 billion it was intended to raise, and it never went away, even after its purpose was served. The Legislature in 2003 voted to extend the tax through 2011, at a cost to taxpayers of more than \$200 million per year. And instead of funding broadband, the money now goes into the state's general fund.

But last week, the House voted unanimously to finally abolish the TIF tax.

"The TIF was an excellent tool that has helped bring modern technology to countless schools, libraries and hospitals across Texas," said state Rep. Joe Straus, R-San Antonio. "The fund has accomplished the mission the Legislature intended back in 1995 and it is time to stop collecting this tax from Texans."

Straus' bill is co-authored by several East Texas lawmakers, including Rep. Byron Cook, R-Corsicana, and Rep. Bryan Hughes, R-Mineola.

But here's the thing; though the measure has unanimous support in the House, it's languishing in the Senate. The companion bill, SB 294 by Sen. Tommy Williams, R-The Woodlands, has only one co-sponsor and it stuck in the Senate Finance Committee.

This has happened before. In March 2005, the House voted 3-to-1 to repeal the TIF tax. Conservative groups were jubilant.

The Texas Public Policy Foundation's Brooke Rollins had said, "In the world of politics, it is a truism that taxes never die... the government just finds new ways to spend the money."

But she was ready to admit her mistake.

"I guess we got it wrong," she said. "A tax has died at the hands of the Legislature. We've never been so happy to be wrong. By eliminating the TIF tax, the Legislature has made good on a promise to abolish a tax that no longer serves the intended purpose."

She spoke too soon. The Senate failed to follow through with its own legislation in 2005, and the tax was resurrected like the lurching living dead - or for metaphorical consistency, it became the party guest that just wouldn't leave.

But there's movement within the Senate in the right direction.

Sen. Kevin Eltife, R-Tyler, serves on the Senate Finance Committee and he says he's committed to moving Williams' bill forward.

"I think the tax ought to be abolished," said Eltife. "It's time we started getting rid of these fees and taxes that were designated for certain items that have found their way into the state's general fund. We should be up front with Texas taxpayers, and that can start with getting rid of the TIF tax."

Even if that's accomplished, we should note, the Legislature's work isn't done.

"Texans pay a total of 29.29 percent in taxes on the average phone bill," the TPPF's Bill Peacock says. "This means Texans face the third-highest telecom tax burden in the country."

One fix that must be made is the double-taxation Texans pay for telecommunications - in other words, we pay taxes on our taxes. The sales tax levied on services is figured on top of the federal and state taxes and municipal franchise fees.

"This tax on a tax costs Texas consumers over \$90 million a year," says Peacock.

Still, eliminating the TIF tax is a good first step. The party is over. It's time to go home.
