

Governments – federal through local – are run by revenue. The source for their revenue is taxation. Their management is best when the revenue is low and worse when there is too much revenue. Too much revenue breeds corruption, waste, ineptness and disorder. That is why the last stimulus we had was a total failure. There was just too much money being manipulated and the nation did not improve at all. I want to discuss one of the stealth ways that government uses to stick us up for more taxation.

The subtle way of revenue raising is the Cell Phone Taxes. From the federal government down to your local town governments are taking advantage of the popularity and success of our wireless devices. To tax cell phones is bad enough but the “salt” going into the wound is the fact that they are continuing to rise. According to economist Scott Mackey, “a recent study shows that the average American wireless consumer now pays more than 17% (17.18%, to be exact) in monthly wireless taxes and fees. That’s up from 16.26% since the last time he looked at these numbers in 2010. That means that for your wireless service every month, you’re paying a tax rate nearly two and a half times higher than the average general sales tax rate (7.33%) that you’d pay if you bought another taxable good or service”. Yes, there are 47 states where wireless users like you are being hit by federal, state, and local governments with excessive taxes and fees.

There has been a noble attempt to stop this madness. The Wireless Tax Fairness Act was introduced in our House of Representatives by Congresspersons Zoe Lofgren (D-CA) and Trent Franks (R-AZ). If passed, this bill would prohibit any local and state governments from adding any more taxes on wireless users for five years. It sailed through the House (230 co-sponsors and unanimous voice vote) and was picked in the Senate by Senators Ron Wyden (D-OR) and Olympia Snowe (R-ME). However, our do nothing Senate has it stalled in the Senate Finance Committee. Somehow we have got to get moving again.

What are some of the ways to hit us up with these taxes? The big one is the Universal Service Fund. According to State Tax Notes: “The federal USF is administered by the Federal Communication Commission, with open-ended authority from Congress. The program subsidizes telecommunication services for schools, libraries, hospitals, and rural telephone companies operating in high-cost areas.” Each one of you pays a rate of 5.82% of your monthly wireless bill. Now, some states are starting to charge a State Universal Service Fund in addition to all other taxes that are assessed.

Some states assess a Telecommunication Relay Services fee, TRS, which helps fund services

for people with disabilities via devices like talking phones and digital communication services. According to State Tax Notes: "Most states impose 911 fees to fund capital expenses for the 911 system, and in some cases the fees fund 911 operations as well".

Some examples of how states and local governments hit you up: California (local utility user tax, state 911, PUC fee, ULTS (lifeline), deaf/CRS, high cost funds A and B, teleconnect fund, CASF-advanced services fund); New York (state sales tax, local sales taxes, MCTD sales tax, state excise tax, MCTD excise surcharge-186e, local utility gross receipts tax, state wireless 911, local wireless 911, MCTD surcharge-184, NY franchise tax-184, school district utility sales tax); Nebraska (state sales tax, local sales tax, city business and occupation tax, state USF, Wireless 911, TRS). As you can see various forms of government are choosing to get in on the hustle. We must find a way to stop this madness as it does nothing to improve the "business" of governing.

The most expensive place to have a cell phone is Nebraska which has a total of 24.49% of taxes assessed to your monthly bill. That is almost 1 dollar out of every 4 dollars on your bill. Nebraska is closely followed by Washington, New York, Florida, Illinois, Rhode Island, Missouri, Pennsylvania and Maryland. These taxes should not be there. They are there because we don't have any outrage as they subtly tack them to our phone charges. Most of us think it is the phone company charging us and not local, state and federal politicians hitting us up. We get mad at T-Mobile, Sprint, AT&T, Verizon, etc. But it is not them but politicians hiding behind their "cover".

Let's start doing something about this. Tell your politicians "enough already!" Taxation in America is as bad as a European nation. They jump into your pay check big time while find sneaky ways to chip away at your wallet. As President Jefferson once said, "A government that governs least governs best."

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