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June 8, 2015

The Honorable Nancy Pelosi  
Minority Leader  
United States House of Representatives  
H-204, The Capitol  
Washington, D.C. 20515

**RE: Opposition to the Permanent Internet Tax Freedom Act (H.R. 235)**

Dear Leader Pelosi:

On behalf of the League of California Cities<sup>®</sup>, I write to oppose H.R. 235, the Permanent Internet Tax Freedom Act (ITFA) and urge you to instead provide a temporary extension that will preserve existing state and local tax authority.

As you may be aware, cities throughout California rely on revenues generated from voter-approved utility user taxes (UUTs) to fund critical services such as police, fire, and emergency response. In fact, UUTs provide around 15 percent of general purpose revenue to local governments across the state.

However, a permanent extension and expansion of the moratorium on state and local taxation of internet access – as provided for in H.R. 235 – would jeopardize this vital funding stream. Such a ban would have a lasting, pronounced effect as more and more telecommunications services transition to broadband. Ultimately, estimates show that a permanent ITFA could cost our municipalities over \$500 million dollars. During these tough budgetary times, this is simply unaffordable.

Instead, the League asks that you support a shorter-term bill – one that includes a clear sunset date and grandfathers all relevant existing state and local taxes. Such a measure will give Congress the flexibility to revisit a quickly evolving issue that affects state and local governments all across the nation.

Thank you for your attention to this request. Should you have any questions or require additional information, please feel free to contact the League's Washington advocate, Leslie Pollner ([leslie.pollner@hklaw.com](mailto:leslie.pollner@hklaw.com)) at (202) 469-5149. We look forward to working with you as we seek to preserve this critical funding source.

Sincerely,

A handwritten signature in black ink that reads "Chris McKenzie".

Chris McKenzie  
Executive Director

cc: California House of Representatives Delegation