



June 10, 2020

Honorable Ajit Pai  
Chairman  
Federal Commission Communication  
445 12<sup>th</sup> Street SW  
Washington, DC 20554

By this letter, the Puerto Rican Telecommunications Alliance (“PRTA”) urgently requests the immediate attention of the U.S. Federal Communications Commission (“FCC”) in a matter presently before Puerto Rico’s House of Representatives. In the dark of night, Puerto Rico’s Senate has already passed Senate Bill PS1333 that will impose taxes on Internet Access services in flagrant violation of the spirit of the Internet Tax Freedom Act (“ITFA”) and in an affront to the United States’ and this FCC’s goal of advancing the deployment of affordable and reliable high-speed broadband Internet Access services to all Americans, including the American citizen residents of Puerto Rico.

Industry experts estimate the new tax would increase the existing tax burdens on providers of telecommunications and broadband services by up to 1,000% and would, for the very first time, impose taxes on Internet Access services.

Senate Bill PS1333 (passed and sent to the House), and its companion bill in the House, PC2313 (both pending imminent vote), would drastically alter the way Puerto Rico’s municipal real property taxes are determined by subjecting revenue from telecommunications, broadband, and Internet Access services to taxation. The crux of the proposed changes to Puerto Rico’s property tax laws set forth in the legislation is a dramatic shift from imposing taxes on the assessable value of a Telecommunications/Broadband company’s “Real Property” to a calculus that includes the “Revenue” derived from services provided to consumers which utilizes a company’s real property. Without question, many companies operating throughout Puerto Rico rely on a great deal of “real property” to deliver broadband Internet Access to their customers, everything from fiber and other network infrastructure to the buildings they occupy.

The likely impact of the imminent change to Puerto Rico’s property tax law embodied in the pending legislation bears repeating:

**“tax increase of up to 1000% for telecommunications companies”**

We will exhaust all the available alternatives and efforts to stop the Puerto Rico legislature from taxing the Internet and, in so doing, cutting off the oxygen needed to fulfill America’s policy goals related to achieving universally available and affordable broadband Internet Access. Although the new tax regime set forth in Senate Bill (PS1333) was approved without hearings or any opportunity for the industry and impacted citizens of Puerto Rico to participate or file comments

(in clear breach of normal legislative processes), the same legislation and a mirroring legislation in the form of House Bill (PC2313) remains pending before the House of Representatives. Both bills must be passed and signed by the Governor of Puerto Rico. Our time to oppose both legislations is short, as the House vote is imminent.

The PRTA hereby requests the Honorable Chairman to take notice of the Puerto Rico legislature's attempt to tax the Internet and broadband Internet access services in light of the FCC's, its Honorable Chairman's, and America's goal of promoting the universal availability of affordable, reliable high-speed Internet Access to all Americans. Further, to consider the impact of such pending legislation will have on increasing the operating costs of telecommunications and broadband companies in Puerto Rico, how such massive increases in costs through the imposition of taxes will discourage investment, and ultimately increase the price of service to Puerto Rican consumers of broadband Internet Access services. And finally, to evaluate whether the proposed legislation would interfere with the reconstruction of Puerto Rico's telecommunications infrastructure or otherwise dilute, diminish, or redirect to unintended recipients the economic benefits that were bestowed upon the island by the U.S. Congress and FCC in the aftermath of Hurricanes Irma and Maria in 2017, recent earthquakes, and the on-going COVID-19 pandemic.

Sincerely,



Felipe Hernández  
President