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May 5, 2008

Charles A. Trost, Esq.
Waller Lansden Dortch & Davis, PLLC
511 Union Street, Suite 2700
Nashville, Tennessee 37219-1760

Re: Opposition to NCCUSL Revision of UDITPA

Dear Mr. Trost:

On behalf of the National Cable & Telecommunications Association ("NCTA"), we urge you and the other members of the NCCUSL Drafting Committee to Revise the Uniform Division of Income for Tax Purposes Act ("UDITPA"), the members of NCCUSL's Executive Committee and the members of NCCUSL's Committee on Scope and Program to table work on revising UDITPA. It is our position that revising UDITPA does not satisfy NCCUSL's criteria for undertaking a project. Absent substantial satisfaction of those criteria, NCCUSL should not proceed with this project.

About NCTA

NCTA is the principal trade association for the U.S. cable industry, representing cable operators serving more than 90 percent of the nation's cable television households and more than 200 cable program networks. The cable industry is the nation's largest broadband provider of high speed Internet access after investing more than \$100 billion in the past ten years to build a two-way interactive network with fiber optic technology. Cable companies also provide state-of-the art voice service to millions of American consumers. Our members do business and pay tax in states that have adopted UDITPA in whole, states that have adopted UDITPA with modifications, states that have adopted portions of UDITPA, and states that have not adopted any of the provisions of UDITPA.

Opposition to NCCUSL Revision of UDITPA

Significant portions of UDITPA, as it exists today, are not and will never be supported uniformly by the bulk of the corporate taxpaying community; the entirety of UDITPA has also failed to gain the support of state legislators and governors. Each state's clear parochial interest (in designing its own tax structure to balance the state need for revenue with the needs of its

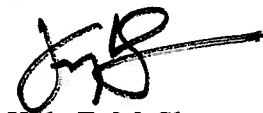
citizens) weighs against the call to revise UDITPA. Individual state tax policy decisions are better left to each state's policymakers – and for that reason NCCUSL's scarce and valuable resources would be wasted on this project.

A review of UDITPA's history demonstrates that state policymakers always have and will continue to modify their state's version of UDITPA to meet the unique needs of their in-state constituents. Forsaking uniformity in the division of the corporate tax base helps states distinguish themselves from, and compete directly with, their sister states for jobs and investments. Even states that consider uniformity useful because it reduces compliance costs still alter their UDITPA provisions to keep up with other states' modifications. It is clear from UDITPA's failure to gain uniform adoption that state policymakers have little or no interest in uniformity in the area of corporate income tax division. The understandable desire of state elected officials to differentiate their states to develop an attractive climate for jobs and investment is in direct conflict with the interest of NCCUSL to enact uniform corporate income tax division laws.

After reviewing NCCUSL's criteria for taking on a project in light of the considerations noted above and reflecting on comments from other interested parties, we hope that you agree that corporate income tax division "uniformity is [not] desirable and practicable"¹ and is unlikely to be achieved because of opposition by individual state officials and business leaders to any legislation NCCUSL expects to stem from its revision of UDITPA. Businesses generally, and our membership in particular, support the ability of state policymakers to define their own tax structure. Any uniform tax act ignores state political, geographical and commercial differences; the pursuit of uniformity in the face of existing political and economic forces is not just a folly, it will be an expensive and time consuming wasted effort. For this reason we ask that NCCUSL not proceed with its revision of UDITPA.

Thank you for respecting our concerns.

Sincerely,



Kyle E. McSarrow

cc: John A. Sebert, Executive Director
Martha Lee Walters, President
Robert A. Stein, Chair, Executive Committee
Michael Houghton, Chair, Committee on Scope and Program
National Conference of Commissioners on Uniform State Laws
111 N. Wabash Ave., Suite 1010
Chicago, Illinois, 60602

¹ NCCUSL Statement of Policy Establishing Criteria and Procedures for Designation and Consideration of Acts, January 31, 2001, Paragraph 1(c)(ii).