

Consumer group urges preserving phone tax

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A consumer group is urging Congress to be wary of a proposal to change the Universal Service Fund long-distance charge to a flat per-line charge.

The Senate Commerce Committee is scheduled to hold hearings Tuesday on the proposal to reform supposed inequities in the system, which is designed to improve telephone service in rural areas of the United States.

The group Keep Universal Service Fund Fair Coalition told reporters Monday that the flat-rate plan would raise phone taxes for about 43 million mostly low-income and rural consumers by some \$700 million and is the result of a "phony crisis" allegedly manufactured by Federal Communications Commission Chairman Kevin Martin.

The current fee is based on a percentage of an individual company's long-distance revenues. Critics on Capitol Hill contend that some areas of the country get little or nothing in return for the money they pay into the system.

The coalition contends there is no "crisis" and no evidence that the USF levy is either unfair or rising rapidly.

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