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It stands to reason that Pennsylvania, rarely the league leader in "hip" or "modern," wouldn't be among the first states to tax items bought on-line known as digital downloads. But, baby, we've arrived now.

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Among [the tax changes signed by Gov. Tom Wolf this week](#), the state's 6 percent sales tax will be extended to the purchase of the next big Beyonce hit, a [Pokemon Go](#) app, or rights to watch Season Five of Netflix's "House of Cards." The change takes effect Aug. 1, and from a policy standpoint it is probably one of the easier tax expansions the Legislature has voted in some time.

Here's a few reasons why:

There is an argument for level playing fields here. If I go to the book store and buy Jo Jo Moyes' book "Me Before You," I pay sales tax. If you order it from your e-book device, you don't. So that's an arbitrary market disadvantage both

for the traditional merchant and his or her customers.

From a purely political calculation, the new tax should land lightest on the older Pennsylvanians that, in conventional political seasons anyway, have been the most regular voters. With 23 states and the District of Columbia already having done this for up to a decade, the tax is a tried-and-true money-maker that many online content providers don't really even fight anymore. Karen Coates, chief of staff to Speaker of the House

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Mike Turzai, R-Allegheny County, said she saw very little interest group activity on the digital download issue, one way or the other.

In Pennsylvania, this tax expansion is expected to be worth about \$47 million in 2016-17, according to Wolf Administration estimates - all paid by the consumer in a surcharge that, in most cases, is counted in cents as opposed to dollars. Plus, some experts believe, it's where the money is going to be for the foreseeable future.

In 2015, for example, the Recording Industry Association of America reports that of \$7 billion national market for music sales last year, just \$2 billion was spent CDs or vinyl – that's down from \$4.3 billion in 2009. Digital sales, meanwhile, hit \$4.8 billion, just the latest in a string of new highs.

E-books, while appearing to have hit a plateau in recent years, account for about 17 percent of all book sales, according to the Association of American Publishers. "Taxing digital downloads is about as close to a no-brainer in tax policy as there can be," said Michael Mazerov, a senior fellow with the Center on Budget and Policy Priorities' State Fiscal Project. "It's a fairness issue for consumers who like traditional products that are already taxed. It's a level playing field issue for retailers," Mazerov said. "And as more consumers move away from buying things in physical formats, if you don't expand the sales tax to digital goods it means that sales tax revenue is going to erode and it will be harder to pay for the schools, health care and all the other services it funds."

So, what is a digital download, exactly?

Examples of items that will be on Pennsylvania's list include: purchases of music and video (think an iTunes purchase); streaming of movies or music (such as Netflix or other fee-based streaming services); satellite radio; e-greeting cards; digital books, often called e-books; apps – including in-app purchases; and online games.

The rationale is that when you buy these items at a store, you pay the sales tax now. Now, when you take possession of them through your electronic device, you'll be taxed on the e-version, too. As such, tax exempt products like the Bible, or magazine and newspaper subscriptions, still won't be taxed.

The tax will be triggered when the shopper makes a purchase that sends content through an account with a billing address in Pennsylvania. It's a pretty routine process at this point, explained Mazerov. "Apple has been charging sales tax in states for a decade and there's no indication that there's been any problems with it." PennLive reached out to Apple on Friday to get its reaction to Pennsylvania's move, but received no response for this report. – pennlive.com

Drive down Back Neck Road in Cumberland County (NJ), past the lettuce, pepper, and cucumber fields, and arrive at the bright-red door of the family doctors Lori C. Talbot and Christopher T. Ballas, who offer medical services, about 10,000 visits a year, to local families and migrant farmworkers. Serviceable and convenient, this cradle-to-grave practice in Fairfield Township, outside Bridgeton, has cared for people in this location for more than 40 years.

But now it faces an existential threat that few saw coming a few years ago: slow internet, and sometimes no internet, over aging copper phone lines. Comcast Corp. didn't wire all the way down Back Neck Road, stopping about a mile away because of the cost of connecting so few homes and businesses to its network, the doctors say.

And Verizon Communications Inc.'s legacy copper phone lines, the area's communications lifeline for Back Neck Roaders for decades, offers DSL internet service. But it has so deteriorated that some days the doctors can't read email for many minutes or do simple online tasks such as registering deaths with the Department of Health and Senior Services. "Looking at patients' X-rays, MRIs, or CAT scans is not even a possibility because it takes too much bandwidth," Ballas said in an examination room.

"They don't load."

But the real problem for Ballas and Talbot - and the one with financial repercussions - is the federal government's giant Medicare insurance program, which has been requiring practices such as theirs to make patient records available through an online portal. Without a high-speed connection, Ballas and Talbot can't comply with Medicare guidelines for its "Meaningful Use" program of incentives for electronic health records and may face penalties if they don't comply.

The two doctors are now part of a growing public record at the New Jersey Board of Public Utilities. Hundreds of residents, farmers, and others in 17 South Jersey towns say they are falling off the nation's communications grid as Verizon's copper wires deteriorate and the company refuses to upgrade the area to fiber transmission lines, or FiOS. Some fear that tens of thousands of people could be left out in the cold of the high-speed data economy or forced onto higher-cost wireless services.

Verizon says that the reports of rundown copper phone lines and service problems in South Jersey have been overblown and that the firm has invested \$100 million in the South Jersey copper network in the last two years. Verizon's records show that South Jersey service is "consistently better than [the Board of Public Utilities'] minimum standards," said spokesman Ray McConville. Most areas in Philadelphia and its suburbs have the choice of Comcast Xfinity or Verizon FiOS high-speed internet.

In recent months, Verizon has been meeting with South Jersey officials, holding conference calls, and having a "good dialogue with the towns," he added. As for the doctors' practice, McConville said: "People need to tell us when they have a problem." That remark fired up Talbot, who said they met with Verizon officials two years ago to explain their problems but never heard back from Verizon.

This disconnect - the company says all's good, while many customers say they lack reliable service - is playing out with the petition that seeks an investigation into Verizon's copper lines in parts of South Jersey. Cumberland County and towns in Atlantic, Burlington, and Salem Counties filed the petition in November.

In subsequent months, Cumberland County employees took photos of downed and sagging lines. Through a link on the county's website, residents could report a problem to county officials. Local officials also talked about the copper lines at public municipal meetings and published information about the fact-gathering in mailings sent with tax bills.

The petitioners thought they had to substantiate their claims after Verizon said that the rate of complaints in South Jersey was well within the acceptable range, said Theodore E. Baker, the counsel for Cumberland County who has been leading the petitioning group. "Service obligations cannot realistically be claimed to have been met when the same customers, again and again, raise the same service issues," Baker told the Board of Public Utilities. "Verizon's 'metric' and the reality in the marketplace are markedly different."

On Aug. 4, the state agency will hold two public hearings in Estell Manor, Atlantic County, at 3:30 and 6:30 p.m. at the local elementary school, on the copper-line investigation - basically a first step in the proceeding, an agency spokesman said. Talbot, the family doctor on Back Neck Road, will be there. For years, she and Ballas have tried to recruit a third doctor to their practice but had no luck because of the rural area. In addition, traditional family practices have fallen out of favor with new doctors, Talbot said. Add bad internet to the list of deterrents.

It's a Catch-22. "Medicare wants us to start the portal," Ballas said. "If we don't start the portal, Medicare will reduce our reimbursements. But our infrastructure won't support a portal." Said Talbot, "There is high-speed internet a mile up the road [Comcast], but there is no building there." As for relocating the practice, she said it seemed like a possibility. — *Philadelphia Inquirer*

Venture capitalist Chamath Palihapitiya **boasted last year** he was going to invest billions of dollars in a U.S. airwaves auction, with plans to disrupt AT&T Inc. and Verizon Communications Inc. But when it came time to put money on the table, the Silicon Valley investor balked.

The Federal Communications Commission on Friday released a list of bidders who made deposits for its auction of wireless airwaves. The FCC is buying airwaves from television broadcasters and reselling them to wireless carriers and others. Mr. Palihapitiya, who runs venture firm Social Capital, made bold claims that the cellular industry was ripe for disruption, and he was the one to disrupt it. He submitted an application to participate in the auction in March. His absence removes a potentially large bidder from the auction. A spokeswoman for Mr. Palihapitiya declined to comment.

Of about 100 entities that filed initial applications, only 62 firms actually put down money. Those participants include AT&T, Verizon, T-Mobile US Inc., Comcast Corp. and Dish Network Corp. Choosing not to participate: Sinclair Broadcast Group Inc. and a group of individual bidders with personal connections. The FCC said bidding on the airwaves will begin August 16. Until then, the FCC will hold education sessions and mock auctions to bring bidders up to speed.

The auction won't likely end until late this year or next. It's a complex process: the FCC is acquiring airwaves from TV broadcasters, then selling them to wireless carriers and others looking to get into the cellular business. If the FCC can't raise enough money from carriers, it resumes a reverse auction with broadcasters until the demand meets supply. The first round of the reverse auction with TV broadcasters produced 126 megahertz of spectrum at a cost of \$86.4 billion. It's unlikely carriers and cable companies are willing to buy that much, however, meaning the FCC will have to return to TV broadcasters to collect less spectrum and at a lower price. – **Wall Street Journal**

Pennsylvania's GOP delegates will have a front-row view when Donald Trump formally becomes their party's nominee. The state is among those that snagged the most prominent at the Quicken Loans Arena for this week's Republican National Convention, according to a seating chart released by convention organizers.

The 71 Pennsylvania delegates will be sitting stage-left, with Ohio's home-state delegation directly behind them. That's the opposite of **the 2012 Republican convention in Tampa**, when both states were in the center, with Ohio up front. Both Pennsylvania and Ohio are viewed as key battleground states. A victory for Trump in Pennsylvania would mark the first time a Republican has won the Keystone State since 1988.

Who is here from Pennsylvania's congressional delegation, and which are staying behind?

- U.S. Rep. Bill Shuster, 9th District: Endorsed Trump two days after state's April 26 primary election. Attending as a district delegate.
 - U.S. Rep. Mike Kelly, 3rd District: Has said he voted for Trump. Attending convention as an alternate at-large delegate.
 - U.S. Rep. Glenn Thompson, 5th District: Has said he will be working to support the Republican ticket.
 - U.S. Rep. Keith Rothfus, 12th District: Has said he's supporting Trump.
- STAYING HOME
- U.S. Sen. Pat Toomey, R-Pa.: Has not endorsed Donald Trump. Will not attend convention.
 - U.S. Rep. Scott Perry, 4th District: Supporting Trump. Will not attend convention.
 - U.S. Rep. Ryan Costello, 6th District: Says he "will be supporting the Republican nominee for president." Elected as a district delegate but later announced he will not attend convention.

- U.S. Rep. Pat Meehan, 7th District: Says he is "focused on my race and an agenda for families in Pennsylvania." He'll be on a congressional trip in the Middle East during the convention.
 - U.S. Rep. Charlie Dent, 15th District: Has not endorsed Trump and says he remains concerned about Trump's rhetoric and policy positions. Will not attend convention.
 - U.S. Rep. Joe Pitts, 16th District: Has said he will vote for Donald Trump. Will not attend convention.
 - U.S. Rep. Tim Murphy, 18th District: Has said he will support the GOP nominee and has attended Trump events in western Pennsylvania. Will not attend convention.
- WOULDN'T SAY
- U.S. Rep. Mike Fitzpatrick, 8th District: Has not said publicly if he supports Trump. Spokesman said on Friday that his plans "are not yet confirmed for next week." – *Allentown Morning Call*



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