

Fiscal Estimate Narratives

DFI 12/17/2009

LRB Number	09-0945/8	Introduction Number	AB-0606	Estimate Type	Original
Description The regulation of video service providers and interim cable operators, granting rule-making authority, making an appropriation, and providing a penalty					

Assumptions Used in Arriving at Fiscal Estimate

This bill transfers the Department of Financial Institutions' (DFI) duties pertaining to video service providers to the Public Service Commission. The 2007 Wisconsin Act 42 created a state franchising process for video services offered by cable service and telecommunication providers, giving DFI the responsibility to review applications for video service franchises, determine if an application is complete and whether the provider is legally, financially, and technically qualified to provide video service based on rules promulgated by the Department.

Expenditures

In carrying out its responsibilities, the Department reviews application and amendment documents as required, responds to inquiries, mediates disputes, and provides educational information to municipalities and customers.

Currently, the work associated with this program is conducted by the division administrator and deputy administrator of the Division of Corporate and Consumer Services. As the program matures and review of fewer new applications is required, it is expected costs may be reduced somewhat. Estimated cost of the program in the current year is approximately \$45,000.

Appropriation

The original legislation provided \$100,000 in funding to the Department. Budget cuts enacted in the 2009-11 Biennial Budget reduced that amount by \$6,100 to \$93,900. This bill reduces the Department's appropriation by the full \$100,000, or \$6,100 more than is currently funded.

Revenue

Twenty eight service provider applications have been approved since the inception of the program in fiscal year 2008. Five of the approved applications are "large" providers, or those with 10,000 or more subscribers. Video service providers are to pay DFI annual fees. Annual fees for the providers with 10,000 or more subscribers are \$5,000 for the first year and \$2,000 for subsequent years. Smaller providers pay annual fees of \$2,000 for the first year and \$100 each year thereafter. Amendment fees are \$100 each. Total revenue from video service providers in fiscal year 2009 was \$43,800.

The legislation provided for local franchises to continue in effect until expired or terminated. As these providers convert to a state issued franchise, the number of new applications will be lower reducing revenue received from the higher first year annual fees.

Local Government Impact

Current legislation provides for a fee to be paid to a municipality up to 5% of gross receipts. This bill adds an additional 1% for the support of PEG (Public, Educational, and Governmental) channels.

Long-Range Fiscal Implications