

Fiscal Estimate - 2009 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 09-4394/1	Introduction Number SB-582
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Description
 Public, educational, and governmental access channel requirements for video service providers and interim cable operators

Fiscal Effect

State:

<input type="checkbox"/> No State Fiscal Effect	<input type="checkbox"/> Increase Existing Revenues	<input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input type="checkbox"/> No
<input type="checkbox"/> Indeterminate	<input type="checkbox"/> Decrease Existing Revenues	
<input type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Decrease Existing Appropriations		
<input type="checkbox"/> Create New Appropriations		

Local:

<input type="checkbox"/> No Local Government Costs		5. Types of Local Government Units Affected <input checked="" type="checkbox"/> Towns <input checked="" type="checkbox"/> Village <input checked="" type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
<input type="checkbox"/> Indeterminate		
1. <input type="checkbox"/> Increase Costs	3. <input checked="" type="checkbox"/> Increase Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input checked="" type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
2. <input type="checkbox"/> Decrease Costs	4. <input type="checkbox"/> Decrease Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

Fund Sources Affected	Affected Ch. 20 Appropriations
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	

Agency/Prepared By DFI/ Susan Dietzel (608) 267-0399	Authorized Signature Susan Dietzel (608) 267-0399	Date 3/8/2010
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Fiscal Estimate Narratives

DFI 3/8/2010

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Description Public, educational, and governmental access channel requirements for video service providers and interim cable operators					

Assumptions Used in Arriving at Fiscal Estimate

Under the proposed legislation, current law regarding video service providers and their support for PEG channels would be modified. The revision would change current language so that it would refer to support for PEG channels rather than to "monetary support for access facilities for PEG channels". The bill also would allow a municipality to require, beginning on January 1, 2011, video service providers and interim cable operators to pay a fee for the purpose of supporting PEG channels. The fee, which must be set by ordinance, could be equal to no more than 1% of a video service provider's or interim cable operator's annual gross receipts. The bill also makes other changes regarding the responsibility for video service providers and interim cable operators to PEG service delivery, technology, channel location, signal quality and protocol.

It is estimated that in 2009, cable providers remitted \$43 million to local governments in franchise fee payments. This reimbursement level reflects an estimated 5% of operator's gross revenues from cable service. If all eligible local entities assessed an additional 1% of gross revenues to video service providers and interim cable operators, the additional revenues would be \$8.6 million. The calculated estimate is as follows:

$\$43M(\text{current revenues})/5(\text{current } 5\% \text{ rate}) = \$8.6M (1\% \text{ rate}).$

There is, however, a lack of clarity regarding the interplay of federal law and the potential state legislation regarding allowing a local unit of government to receive a 5% franchise fee if they adopt the 1% PEG fee allowed under AB 721.

This issue arises because the Federal Cable Act limits the franchise fees that may be charged a cable system for the use of rights-of-way to 5% of a cable operator's gross revenues from cable service. Franchise fees are defined as "any tax, fee, or assessment of any kind imposed by a franchising authority or other governmental entity on a cable operator or cable subscriber, or both, solely because of their status as such."

Assembly Bill 721 authorizes local units of government to impose a 1% fee "for the purpose of supporting PEG channels," with no identified offset against existing franchise fees paid. Federal law may preempt the imposition of a PEG fee in excess of the 5% franchise fee, (other than for payments collected "for the cost of building PEG facilities" and "capital costs" for PEG "facilities"). Other PEG-related charges, such as those to support PEG services and equipment, the use of PEG access facilities, or support and training, may be considered franchise fees and may be subject to the 5 percent cap.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2009 Session

Detailed Estimate of Annual Fiscal Effect

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Description Public, educational, and governmental access channel requirements for video service providers and interim cable operators			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
	State Operations - Salaries and Fringes	\$	\$
	(FTE Position Changes)		
	State Operations - Other Costs		
	Local Assistance		
	Aids to Individuals or Organizations		
	TOTAL State Costs by Category	\$	\$
B. State Costs by Source of Funds			
	GPR		
	FED		
	PRO/PRS		
	SEG/SEG-S		
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
		Increased Rev	Decreased Rev
	GPR Taxes	\$	\$
	GPR Earned		
	FED		
	PRO/PRS		
	SEG/SEG-S		
	TOTAL State Revenues	\$	\$
NET ANNUALIZED FISCAL IMPACT			
		State	Local
	NET CHANGE IN COSTS	\$	\$
	NET CHANGE IN REVENUE	\$	\$8,600,000
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		Date	
		3/8/2010	