



## Fiscal Estimate Narratives

LRB Number	Introduction Number
<b>Description</b> <b>Regulation of cable television and video service providers</b>	

### Assumptions Used in Arriving at Fiscal Estimate

2007 Wisconsin Act 42, enacted in December 2007 provided for rule-making by the Department to establish fees, determine criteria for approving video service franchises, and interpret or establish program procedures. The Act and associated Rule create new responsibilities for the Department associated with establishing and maintaining a "video service franchise." An appropriation of \$100,000 was included in the legislation.

This Rule establishes fees to be paid by applicants for a video service franchise who have more than 10,000 subscribers. The fee is \$5,000 for the first annual fee and \$2,000 for subsequent annual fees. Fees for providers with 10,000 or less subscribers are established in the Act at \$2,000 for the first annual fee and \$100 in following years. Notification fees for modifications to an application are set at \$100 in the legislation.

### Revenue Estimate:

It is assumed that approximately 20 large and 8 small providers (based on number of subscribers) will submit applications in the first year. An additional 10 large and 5 small providers will submit applications in the second year and 5 large and 2 small providers in year three.

Revenue from these applications and annual fees will total \$116,000 in the first year, \$100,800 in the second year and \$90,300 in the third year. There will also be occasional new applications and modifications in subsequent years, but not in significant numbers.

	Year 1	Year 2	Year 3	3 year total
<b>1<sup>st</sup> Annual Fees</b>				
Large @ \$5,000	100,000	50,000	25,000	
Small @ \$2,000	16,000	10,000	4,000	
<b>Subsequent Annual Fees</b>				
Large @ \$2,000		40,000	60,000	
Small @ \$100		800	1,300	
<b>Total Estimated Revenue</b>	<b>\$116,000</b>	<b>\$100,800</b>	<b>\$90,300</b>	<b>\$307,100</b>

### Estimated Expenditures

The cable legislation requires the Department to review applications and notify applicants of the completeness of their application. Based on this rule, the Department is to determine whether an applicant meets the criteria established to be issued a franchise and if not, to reject the application and state the reasons.

The Department will need to respond to questions from video service providers and applicants, from subscribers, and from municipalities. The Department will also need to create an information system to support access to information associated with video service provider applications and annual reports.

To perform the duties required by the Act and this Rule, the Department estimates the following expenditures:

	Year 1 (half-year)	Year 2	Year 3	3-Year total
Division Management (35% position with FB)	23,800	47,600	47,600	
Admin/Legal (20% position with FB)	13,400	26,800	26,800	
Information Technology	10,000	10,000	10,000	
Indirect Costs (15%)	7,100	12,700	12,700	
Contract Technical Assistance	15,000	30,000	30,000	
Total Estimated Costs	\$69,300	\$127,100	\$127,100	\$323,500

### **Long-Range Fiscal Implications**