

To: Key Municipal Officials
Legislative Policy Committee

From: Neal Goldberg, Legislative Analyst, State and Federal Relations

Date: Monday, June 14, 2021

Re: Cable Franchise Fees

[LD 920](#), *An Act To Promote Oversight of and Competitive Parity among Video Service Providers*, sponsored by Rep. Chris Kessler of South Portland, is expected to be debated by members of the House today.

This bill is a strengthening of the federal law requiring video service providers to enter into franchise agreements for the use of public rights-of-way with each municipality they provide services in. Compared to current franchise agreements, LD 920 would redefine the responsibility of video service providers to supply certain equipment requested by local access operators that produce public, educational and governmental (PEG) programming. Most significantly, the bill gives the Public Utilities Commission (PUC) much stronger oversight authority to regulate video service providers and establishes the commission as a legal resource for communities when negotiating or challenging franchise agreements.

MMA was neither for nor against the bill as originally drafted. Since then, municipally friendly amendments have added flexibility to how franchise agreements are drafted. As amended, LD 920 presents few disruptions to the status quo from the municipal perspective while establishing more safeguards for local access operators and more control for the PUC to regulate video service providers. In the opinion of MMA staff this bill as amended would be of value to our members.

Currently, municipalities have the freedom to omit franchise fees from their agreements with video service providers, which many choose to do because they have mixed results for residents. On one hand, they can generate significant revenue for municipalities to use as they deem fit. On the other hand, video service providers will pass the cost of franchise fees onto your residents' bills. LD 920 does not correct this loophole. Instead, it offers municipalities flexibility to set a low, or 0%, franchise fee that will not impact your residents' bills.

The requirements put in place under LD 920 are a *minor* loss of local control. The bill gives broader authority to local access operators, through the PUC, to require video service providers to maintain equipment needed for PEG programming. Depending on how the PUC interprets LD 920 there might be equipment upgrades that opens the door to excessive rate increases for residents against their wishes. However, this is unlikely.

MMA encourages you to speak with the staff of your local access operator and ask about their current equipment needs. You might discover their requests are reasonable and will not place a significant expense on residents. If you are worried that their requests will be unreasonable, communicate that to your representatives.

The outcome of LD 920 as amended could depend on your advocacy. Municipal officials interested in the passage of this bill should contact their representatives as soon as possible. To search for your House of Representative member and their contact information check the site available [here](#). For your Senator and their contact information check this [site](#).

Here are the links to find if your community already has a franchise agreement with either [Spectrum](#) or [Xfinity](#).

Thank you for your attention to this important matter. If you have questions, please do not hesitate to contact me at 301-785-6740.