

STATEMENT OF PURPOSE

RS20700

This proposal provides alternative procedures for business entities to obtain state or local franchises authorizing the provision of video services in cities or counties within the state. Those alternatives are: (1) Incumbent cable companies currently providing cable television services within the state may continue to do so in accordance with terms and conditions set forth in previously negotiated franchise agreements with the city or county; or (2) New cable service providers may obtain franchises at the local level, either through negotiation of a new agreement, or by adoption of the terms and conditions of an existing agreement entered into between a city or county and the cables service provider; (3) New cable service providers may obtain a state franchise for cities and counties designated as the provider's service area, and authorizes the provider to use the public rights of way within cities or counties designated as the provider's service area, as set forth in the franchise, subject to regulatory requirements of the state, highway districts, or other local units of government having jurisdiction over the public rights-of-way. The proposal further, among other regulatory requirements: (1) prohibits discrimination in the provision of access to video services among potential residential subscribers because of the income of residents in an area, and provides complaint procedures in case of alleged violations; (2) preserves local authority to impose video service provider fees not in excess of 5% of gross revenues; and, (3) permits a city or county to require dedication of PEG (public, educational, and governmental) channels and permit the collection of PEG fees not in excess of 1% of the provider's gross revenues to support the city or county capital costs of providing PEG access channels. This legislation is intended to provide a framework that will be an incentive to new capital investment in the state's infrastructure and encourage a competitive market for land-based video services to aid in retention of revenues available to cities and counties.

FISCAL NOTE

The legislation provides for substantial filing fees believed to be sufficient to reimburse the Secretary of State for necessary costs of service pursuant to the Act. There is no projected fiscal impact to the state. The addition of new land-based providers of video service may increase revenues to cities and counties as well as providing additional funding for costs related to PEG channel usage.

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