

Legislation Text

File #: 2020-3358, **Version:** 1

Presentation regarding the potential financial impact of the Cable Franchise Fee Bill

Background:

The Missouri Regular Legislative Session No. 2 has two bills under consideration, Senate Bill 526 (SB526) and House Bill 2616 (HB2616) dealing with the Franchise Fee for Cable Television in Missouri Municipalities. Cities in Missouri have been permitted by the State to collect an amount equal to 5% of the individual account charges as a recognition for the use of our public right-of-ways. Based upon SB 526, the base-revenue for the 5% fee will be limited to \$40. This would equate to approximately a 60% reduction in franchise fee revenue. We are assuming the House Bill will be modified to also reflect this revenue limitation.

Key Issues / Impact:

The City of Lee's Summit current annual revenues for the Cable Franchise fee is approximately \$1.3M. If SB 526 was adopted as law, the City of Lee's Summit would see a reduction in General Fund revenues of approximately \$780,000. We would be left with approximately \$520,000. The loss of these funds would impact the service level to our community. The purpose of the presentation is to discuss the potential impact the proposed Franchise Fee bills will have on our community. We may also discuss how best to advise all State of Missouri officials who represent the City of Lee's Summit of our objection and concern with this matter.

Additional Information:

Current Bill Summary (SB 526)

SCS/SB 526 - This act modifies provisions relating to communications services offered in political subdivisions.

No political subdivision shall require a telecommunications company to obtain a written agreement, other than a permit, for use of the public right-of-way.

Nothing in the provisions of law relating to the public right-of-way shall prohibit a political subdivision or public utility right-of-way user from renewing or entering into a new or existing franchise, upon mutual agreement. Further, nothing in those provisions of law shall prevent a grandfathered political subdivision from charging a public right-of-way user a fair and reasonable linear foot fee or antenna fee pursuant to or from otherwise enforcing existing linear foot ordinances that were in effect on May 1, 2001.

The act repeals a provision stating that nothing shall prevent a grandfathered political subdivision from enacting new ordinances, including amendments of existing ordinances.

No political subdivision shall impose a linear foot fee to be charged to any entity that holds a franchise or

video service authorization.

The act modifies the definition of "gross revenues".

Currently, franchise entities may collect a video service provider fee equal to not more than 5% of the gross revenues of a video service provider providing service in the geographic area of such franchise entity. Under the act, a franchise entity may collect a video service provider fee equal to not more than 5% of the first \$40 of the gross revenues charged to each customer of a video service provider that is providing video service in the geographic area of such franchise entity.

Finally, the act repeals the sunset date for the Uniform Small Wireless Facility Deployment Act.

This act is similar to HB 2091 (2020), HB 759 (2019), and SB 273 (2019).

Stephen Arbo, City Manager