



State Cable Franchise Laws at a Glance¹

¹ EXPLANATION OF ORDER AND CAVEAT: Laws are listed in the order in which they were passed by legislatures. The authors acknowledge nuances may be missed in an effort to streamline the terms of the bills. The reader should look to actual language of the bills for greater detail.

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STATE	Texas (2005)		Virginia ²	Indiana	Kansas	North Carolina	South Carolina	New Jersey	California
FRANCHISE FEE	5% of gross or that paid by incumbent	2006	5% of gross or that paid by incumbent	5% of gross or that paid by incumbent	5% of gross or that paid by incumbent	Applies existing 7% state sales tax to all video programming services (i.e. satellites are included.) LFA to receive an approximation of fees they would have received.	5% of gross or that paid by incumbent	Fee is increased to 4% (NJ law currently permits the recovery of only 2% franchise fee on basic-cable only) Local government would get 3.5% and 0.5% is sent to the State Treasurer who will make available to subsidize certain consumers with basic cable service.	5% of gross or that paid by incumbent
DEFINITION OF GROSS REVENUES	Broad, including video services and advertising.	2006	Broad, including video services and advertising.	Broad, including video services but leaves open question of advertising based on determination if it is a cable service.	Definition of gross revenues is very limited and probably does not include advertising fees as said fees are not collected from the subscriber	Limited Definition of subscriber revenue	Limited Definition of subscriber revenue	Broader than current law.	Broad, including video services and advertising.
PEG CHANNEL CAPACITY	Match Incumbent, but in no case less than 2 channels and as many as 10.	2006	Match incumbent but no less than 3 and up to 7	Match incumbent but no less than or in absence of incumbent term, Indiana Public Service Commission to determine.	New provider need provide no more than 2 channels.	50K = 3 channels. <50K = 2 channels unless they had more in place on July 1, 2006. Caps PEG channels at 7, but provides means to increase up to 7 if programming standards are met.	Three PEG Channels	No less than 2 PEG channels. City can require more if community can justify.	Match Incumbent plus formula for additional channels.

² Under Virginia law, an operator does not have the right to demand an "ordinance cable franchise" if the locality has granted a competitive franchise before 7/1/06; and furthermore, the operator and locality may still negotiate a "negotiated cable franchise."

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STATE	Texas (2005)		Virginia ²	Indiana	Kansas	North Carolina	South Carolina	New Jersey	California
PEG SUPPORT	Match incumbent for duration of franchise, then 1% of gross.	2006	Up to 1.5%	Match incumbent or in absence of incumbent term, Indiana Public Service Commission to determine.	Zero	Establishes annual \$25K capital grant for equipment on dollar for dollar match (capped at \$2M PEG per year) LFA can recover from all providers separate PEG fee in place at time of enactment.	None	None, but establishes a commitment to provide equipment and transport	Permits PEG support of up to 3 percent
BUILD-OUT	No Redlining, but no build out.	2006	65% of households within 7 years – subject to broad <i>force majeure</i> relief. ³	No Redlining, but no build out	No Redlining, but no build out	None	None	Within 3 years begin service in: (a) each county seat; and (b) Each municipality with pop. density greater than 7,111 per square. Within 6 years of the date the CATV company first provides cable television it must make cable television service available throughout the residential areas of any such municipalities.	Verizon ⁴ must reach 25% of current homes passed within two years and 40% within five years.. AT&T 35% of homes in three years and 50% in five years. Either system must have no less than 25% of homes be low-income (\$35,000 or less per annum in income.)
LOCAL PROW MANAGEMENT RESERVED	Preserved for local government	2006	Preserved for local government, but limited cable oversight applicable to ILECs.	Preserved for local government	Unclear. Appears to preserve but introduces unknown definition of right-of-way	yes	Yes	yes	Right-of-way authority is not clearly reserved to local govt.
EFFECTIVE DATE	September 7, 2005		July 1, 2006	March 14, 2006	July 1, 2006	1/1/2007	5/23/2006	10/26/2006	1/1/2008

³ Does not include areas where it is not “technically feasible” to provide service, or areas with fewer than 30 occupied dwelling units per mile.

⁴ Bill does not identify company by name but says entity using fiber, i.e. Verizon and entity using copper, i.e. at&t..

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STATE	Michigan		Missouri	Florida	Iowa	Georgia ⁵
FRANCHISE FEE	5% of gross or that paid by incumbent less any credit due based on Metro Act contribution		5% of gross revenues or that percentage paid by incumbent.	Florida ad valorem rules apply. No change in definition from current law.	5% of gross revenues.	5% of gross revenues or that percentage paid by incumbent.
DEFINITION OF GROSS REVENUES	Broad, including video services and advertising.	2	Broad, including video services and advertising	No change in definition from current law	Broad, but does not include Home Shopping Commissions	Broad, including video services and advertising
PEG CHANNEL CAPACITY	Match Incumbent	0	3 channels max	Match Incumbent (If no incumbent or PEG then upon request 2 channels)	≥50K = 3 channels. <50K = 2 channels unless they had more in place on July 1, 2007.	≥50K = 3 channels. <50K = 2 channels unless
PEG SUPPORT	Match Incumbent for life of franchise up to 2% and then up to 2% based on community need.	0	No funds.	Match incumbent until 7/1/2012. (Includes formulae to convert lump sums support.)	Match incumbent for natural term of franchise	Match incumbent fees until 7/1/2012 then zero.
BUILD-OUT	Video service provider with more than 1 million access lines shall provide access to: ≥ 25% of its homes, of which 25% must be low income) within 3 years ≥ 50% of homes (30% must be low income) within 6 years. (Later obligation is only if provider achieved 30% penetration rate.)	7	Video service provider with more than 1 million access lines shall provide access to: ≥ 25% of its homes, of which 25% must be low income) within 3 years ≥ 50% of homes (30% must be low income) within 6 years. (Later obligation is only if provider achieved 30% penetration rate.)	None	None	None
LOCAL PROW MANAGEMENT RESERVED	Yes – to extent permitted by Metro Act		Yes	Yes to extent permitted by current law.	Yes to extent permitted by current law.	Yes to extent permitted by current law.
EFFECTIVE DATE	1/1/2007		8/28/2007	7/1/2007	5/29/ 2007	1/1/2008

⁵ The Georgia legislation is unique in that it empowers local governments to issue franchises post 1/1/2008, but only if the operator agrees.

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STATE	Nevada ⁶	Illinois	Ohio
FRANCHISE FEE	Lesser of 5% or incumbents rate.	If set by ordinance, 5% of gross revenues or that percentage paid by incumbent.	5% of gross revenues or that percentage paid by incumbent.
DEFINITION OF GROSS REVENUES	Limited to subscriber revenue	Most robust definition to date. Includes fee on fee	Broad, including video services and advertising IF MUNICIPALITY established definition in ordinance.
PEG CHANNEL CAPACITY	Match incumbents but in no case more than 4 channels.	Match incumbent channels. Operator bears responsibility to convert PEG programming if it is not compatible with local government current format. PEG programming must have visual and audio quality of equivalent functionality as that of commercial channel carried on operator's basic system. PEG are to be carried on basic tier and grouped together to the greatest extent possible.	Match Incumbent (If no incumbent or PEG then upon request 2 channels)
PEG SUPPORT	No new support	No less than 1% of gross revenues. Must match on per sub basis.	Match incumbent fees until 7/1/2012 then zero.
BUILD-OUT	None	<ul style="list-style-type: none"> • 35% of households (measured against telephone access lines) within 3 years of date state issued franchise is granted. • 50% of households by the later of 5 years, or 2 years after at least 15% of the households with access to the holder's video service subscribe to the service for 6 consecutive months. • 30% of homes must be low income. • At&t must include Chicago in its buildout. It may choose two other areas in the state including Springfield • At&t must build out to a larger number if any state passes a higher number. 	SEE ILLINOIS MODEL WITH EXCEPTION OF SPECIF AREAS THAT MUST BE SERVED.
LOCAL PROW MANAGEMENT RESERVED	Yes	YES	Yes
EFFECTIVE DATE	EFFECTIVE JUNE 4, 2007	TO BE DETERMINED	APPROX. 9/24/07

⁶ Only counties with a population of less than 100,000 are empowered to extend or renew franchises with incumbents. Therefore, none of the below terms may apply in such a county.