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For more information about contacting the governor about the video service provider fee reduction and taxpayer subsidy, go to <https://wisconsincommunitymedia.com/state-legislation>.

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Why are taxpayers subsidizing a cable industry windfall in the state budget?

Cable and phone companies are getting a big windfall in the state budget and taxpayers are going to pay the bill for the next ten years. Wisconsin Community Media can think of a lot of better ways to spend tax dollars than subsidizing large telecommunications companies like Charter Communications, Comcast and AT&T that are making a lot of money here in Wisconsin through their cable TV, broadband and telephone services. We are asking Governor Tony Evers to veto this budget provision.

The budget provision lowers the amount of fees video service providers pay to municipalities for use of public rights-of-way through a stepped process and subsidizes the loss with taxpayer revenue. It forces income down for most communities by 10% the first year and 20% in succeeding years. But communities that assessed a lower fee on companies to begin with are going to be hit harder; they will see a 16% loss the first year and a 33% loss in succeeding years. After taking away income from municipalities, the legislature is giving it back -- for the next ten years -- in the form of taxpayer subsidies.

In 2020, taxpayers are on the hook for \$5 million, which may or may not make up the loss from the reduction in fees. The initial estimate of loss was \$6 million, but the amended budget caps the outlay at \$5 million. In succeeding years, the loss for municipalities is estimated to be between \$10 and \$12 million per year, so taxpayers will be paying that amount annually until 2029 when the subsidy ends. At that point, municipalities will just have to deal with the lost income.

One has to ask, how is this provision in the public interest? No other state has gladly reduced the fee video service providers pay to below the federally allowed fee level of 5%. Why is Wisconsin?

This budget provision is not going to benefit cable subscribers; cable rates are unregulated and companies will charge whatever the market will bear. It is not going to benefit the general taxpayer; we are now going to be paying a charge that would otherwise be paid by video service providers. It will not benefit municipalities; after ten years they will receive 20% to 33% less revenue from video service provider fees. These telecommunications companies don't need a bail-out from the public. Charter Communications/Spectrum, which serves nearly the entire state, and Comcast/Xfinity are the two largest cable companies in the country. Charter Communications revenue was up 5% to \$44.183B year-over-year for the twelve months ending March 31, 2019 according to Macrotrends.net.

On the other hand, municipalities are hurting and the fee video service providers pay is used for all kinds of municipal services. Most notably, it is the primary source of funding for the production of local programming. Long term, if video service providers pay less to our communities, there will be less money for Public, Education, and Government (PEG) access centers, which produce much-needed local coverage of our communities. If PEG channels go dark, cable systems would be entirely closed to the public.

So we should all be asking, why are we doing this? I have yet to hear how this cable industry windfall contributes to the public good. Revenue once bound for much needed municipal projects and local program production will simply be pocketed as increased profits by the cable and telephone industries.

We are encouraging everyone to contact the Governor and ask for a veto. Call 608-266-1212 and simply say you are asking the Governor to veto the provision that reduces Video Service Provider Fees. Or you can send a message to the Governor by using the comment field at <https://appengine.egov.com/apps/wi/Governor/contact> and write "Please veto the provision to reduce Video Service Provider Fees (LRBb0155/P1)." If you would like to see our comment template or learn more about this budget provision, go to our website at <https://wisconsincommunitymedia.com/state-legislation>.

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