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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>.

June 28, 2019

Contact: Mary Cardona, Executive Director
exec@wisconsincommunitymedia.com
608-215-5594

Taxpayers to pay for cable industry windfall in the state budget

Cable and phone companies that provide cable television service in Wisconsin are getting a big windfall in the state budget and taxpayers are paying the bill. WCM is asking Governor Evers to veto this budget provision (See LRBb0155/P1).

The budget passed by the legislature significantly lowers the fees cable and telephone companies pay to municipalities to use public rights-of-way for delivering video services. The estimated loss of revenue to cities is expected to be between \$5 - \$6 million in 2020 and \$10 - \$12 million starting in 2021 except that the plan uses public tax dollars to cover the loss for the next ten years, subsidizing the fees large corporations like Comcast, Charter/Spectrum and AT&T would ordinarily pay. According to the current budget proposal, up to \$5 million has been set aside to “make municipalities whole” in 2020, meaning municipalities may or may not be made whole through general tax revenues in this biennium.

No reason was given by the Committee on Joint Finance why Charter Communications/Spectrum and Comcast/Xfinity, two of the largest cable companies in the country, as well as AT&T and others should pay less to the public for the use of public streets and easements. For example, Charter Communications revenue was up 5% to \$44.183B year over year for the twelve months ending March 31, 2019, according to Macrotrends.net. No other state has unilaterally reduced the 5% fee allowed under federal law.

This budget provision is not going to benefit cable subscribers; cable rates are unregulated and companies will charge what the market will bear. It is not going to benefit the general taxpayer; we will now 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. It will not benefit Public, Education, and Government (PEG) access channels; with less revenue from video service providers, there will be less funding to produce programs locally.

The fee video service providers pay is used for all kinds of municipal purposes and it is the primary source of funding for the production of local programming. Municipalities, counties, UW campuses, school districts and non-profit organizations depend on this fee to produce programming of local interest for cable television and other video systems like AT&T’s U-Verse that would otherwise be closed to the public, as well as Internet-based sites.

The cable TV windfall would be administered by the State of Wisconsin Department of Revenue and the burden is on municipalities to report to the department how much video service providers made in gross revenues and how much providers paid municipalities in 2018 by an August 15 deadline in order to qualify for a subsidy in 2020.

WCM believes that if the legislature is intent on subsidizing cable company right-of-way fees with tax dollars, Wisconsin taxpayers should get something out of it. “Revenue once bound for municipal projects will be simply pocketed as increased profits for the cable and telephone industries. Why are we doing this? I have yet to hear any explanation about how this cable industry windfall contributes to the public good,” said Mary Cardona, Executive Director of Wisconsin Community Media.

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