



Cable Franchise Legislation

Talking Points: HB 5895 & SB 1157

1. **Eliminates local cable franchising** and requires the secretary of state to grant a statewide franchise. This creates a new state bureaucracy. The state has no involvement in the cable business today.
2. Local communities are not a barrier for AT&T to provide cable service. AT&T is blaming local governments as the reason they can't enter into the cable business. Yet **local governments, residents and businesses want more cable competition** and service and would quickly allow AT&T into their community. AT&T has refused to negotiate a franchise with ANY city, village or township.
3. The legislation **allows any cable or video provider to stop serving any area in a community any time they choose**. Cable companies could stop serving based on out-of-state economic decisions. Current law allows local franchises to guarantee service to local residents. There will be areas where cable and phone companies will turn off service to neighborhoods because they are not profitable. The legislation allows cable providers to cherry-pick the more affluent high density areas that they want to serve.
4. The legislation **prohibits the state and local governments from requiring a cable provider to have a build-out requirement**. Current federal law guarantees cable companies to install lines at certain population densities and allows local government to negotiate further build-out in local franchises. AT&T is refusing to negotiate with local communities so they can change state law to allow them to discriminate against low-value residents. AT&T told their investors that they were going to serve 90% of high-value residents, and only up to 5% of low-value residents, which are generally senior citizens, low/medium income families, minorities and rural residents.
5. Many areas in Michigan are starved for broadband Internet service. Cable service is one of the primary methods of getting broadband. Broadband is key component in attracting new and retaining businesses. The local franchise process today guarantees access to residents and businesses within their boundaries. **This legislation will eliminate the local franchise process and takes away any economic certainty in communities attempting to secure broadband service through cable.**
6. **Cable franchise fees paid to local governments are in serious jeopardy under this legislation**. By creating a system where existing cable companies operate under a local franchise and AT&T and other new providers operate through a state franchise, there will be different requirements under which they serve. There will be claims in court related to equal protection standards. Further, even taking the legislation as written, franchise fees would drop 30% immediately; and when current franchise agreements are terminated, they will be eliminated. This amounts to a \$100 million cut to local governments.
7. **Public access channels (PEG channels – Public, Education & Government) to schools, communities and universities are virtually eliminated due to new barriers.**
8. **Rights-of-way management is in jeopardy under this legislation**. Currently, local governments have the responsibility of managing rights-of-way for all utilities. This legislation is void of any rights-of-way management obligations.