

**Testimony of Maine Community Media Association Board
In Support of LD 1967, An Act To Support Municipal Franchise Agreements**

**Committee on Energy, Utilities and Technology
October 3, 2023**

Senator Lawrence, Representative Ziegler and members of the Committee on Energy, Utilities, and Technology.

We come before you today as an information resource regarding LD 1967, "An Act To Support Municipal Franchise Agreements."

The Maine Community Media Association, formally the Community Television Association of Maine, is a non-profit networking organization with 43 municipal and non-profit members, founded in 1990. We represent municipal employees, volunteers and paid staff at more than 50 Public, Educational and Governmental Access stations. We have worked closely with the Maine Municipal Association and have presented Franchise Renewal Information at several of their Conferences. We are supporting this legislation on behalf of the hundreds of Maine towns we serve.

MCMA was recently given a national award from the Alliance for Community Media for our "Outstanding Contribution to the Growth and Experience of Humanistic Community Communication."

Community television stations have been a part of cable television service, supporting municipalities since the late seventies. Since the dawn of the digital age, we've been on line from town halls, schools and from the web sites of the non-profit stations that support them. Maine has more than 50 Public, Educational and Governmental stations, most with multiple channels serving multiple towns. An interactive map can be found at mecomm.org.

During COVID, our members and volunteers were the first to step up and work with municipal officials and medical professionals throughout the pandemic. Their continuous and timely reports were vital to our communities. A large proportion of municipal meeting viewers are seniors as well as news reporters who rely on us as a live and archived resource of municipal meetings.

This bill is endorsed by the MMA LPC. We have worked with the Sponsor to receive input from Chairman Phillip Bartlett and PUC Commissioner Patrick Scully and recently from Deputy Attorney General Chris Taub. Both of these departments modified their roles in the original bill from a regulatory oversight function to mediation and arbitration services. That will provide municipalities with a less expensive option than litigation when addressing non-compliance issues with the Video Service Providers (VSPs) that can't be resolved at the local level.

We have kept the Governor informed of our activities and have met with Thomas Abello and Joseph Marro prior to this hearing. Other groups we are working with include the Maine Connectivity Authority and the Maine Broadband Coalition, since Cable TV and similar video services share the same lines that carry the internet.

To address industry claims of increased consumer costs:

Charter is the largest Cable Operator in Maine and owns more than 90% of all cable franchises in the state. According to their annual reports as cited by vCharts.com, Charter has a quarterly gross profit margin (yCharts, 2023) of 45% nationally, while Comcast, with 15 franchises in Maine, has a quarterly gross profit margin (yCharts, 2023) of 71% nationally.

History has shown that subscriber rates increase as much as the market will bear. For the 20 years preceding the pandemic, cable rates were more than double inflation rates. Cable rates (McAlone, 2016) went up 5.8% annually while inflation clocked in at 2.2% per year, on average.

Over a ten-year contract, the cable operator/Video Service Provider will garner revenues of 10 million dollars from a municipality with only 1000 subscribers from TV services, not including phone or internet. This legislation keeps a portion of that revenue local, *but only if the municipal officials decide to collect a franchise fee.* Otherwise, there is no additional cost to consumers. Capital Grants for equipment upgrades are negotiated during franchise renewals based on community needs assessments. *Home rule is preserved and new Video Service Providers will be required to obtain a franchise from the municipality.*

The cable industry suggests they have given millions in franchise fees to Maine Municipalities. These fees are not a gift. Franchise Fees are defined in Law (City of Dallas Texas v. Federal Communications Commission, 1997) as a Rental Fee a municipality may assess a cable operator for the use of the public rights of way for commercial profit. Cable operators agreed to that requirement in the Franchise and have chosen to pass this fee directly on to their subscribers.

This fee is typically paid to the municipalities annually. The cable operator/VSP earns interest on the fee prior to dispersing it to the municipality. This bill makes that payment a quarterly requirement, *thus increasing interest revenue to the municipality.*

Thank you for your time. We look forward to presenting additional information in more detail at your convenience.

Maurice Amaral, Chair
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John Goran, At-Large Member
Randy Visser, At-Large Member

Mike McDade, At-Large Member
Terri Wright, At-Large Member
Larry Sidelinger, At-Large Member
Tony Vigue, At-Large Member

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