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For Charter Communications NW CT Area 19

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13 March 2015 Testimony in support of Proposed House Bills HB6436 HB6437, HB 6438: An Act to Stabilize the Funding for the CT Institution of Community Access Television.

PHB-6436: Be it enacted by the Senate and House of Representatives in General Assembly convened: That subsection (k) of title 16-331a of the general statutes be amended to allow companies or organizations responsible for community access operations to collect community access fees from all subscribers of any services provided by multichannel video programming distributors including Internet, cable television and telephone.

IMPORTANT MISCONCEPTIONS to CLARIFY about the Funding sources for the Designated Community Access Providers

MYTH #1: PEGPETIA provides operational funding to community access.

FACT: PEGPETIA funds are an investment account administered as grants by the PURA strictly for the use in technology investment in the equipment to be used by Boards of Education, and other public and government providers of programming for community access.

FACT: The Designated Community Access Provider Studio Operations at the 39 PURA listed studios is funded by subscriber fees collected by the Multiple Video Program Distributor Licensees in the state.

MYTH #2: ACCESS SUBSCRIBER FEES ARE A TAX ON THE INTERNET.

FACT: MVPD Licensees are required to collect and remit subscriber fees for the support of the designated community access provider. This requirement is a condition of the license, without prejudice to the subscriber "product selections".

FACT: The MVPD Licensees have exposed a loophole in the existing law which neither allows, or denies the arbitrary creation of an exempt groups of subscribers. The purpose of the proposed bill is to close this loophole.

FACT: Allowing the MVPD's to claim any portion of their subscribers to be "Internet Only – tax exempt" permits the MVPD's to apply this unsupported and arbitrary policy to all the required taxes and fees required under the MVPD license, including:

MYTH #3: ALL TAXES OR FEES PAID BY MVPD LICENSE HOLDERS ARE INTERNET TAX EXEMPT

FACT: GROSS RECEIPTS TAX to the State of CT Treasury of 5%.

This is the big tax the MVPD Licensees are obligated to pay. This tax is in the range of about \$44 Million Dollars per year. The MVPD's could under this theory, just decide that ½ of the subscribers have "Cut The Cord", and decide to divert that extra \$22 million of "Internet-Tax Exempt" revenue to the MVPD executive management compensation fund every year.

Strangely; The Gross Receipts tax of MVPD's has historically been 9% since 1981, and was somehow reduced to 5% in 1990... If the Cable and Video companies had no problems being profitable from in the 1980' the Gross Receipts tax should be raised back to 9% - given the dire financial situation of the proposed CT budget. The MVPD's continue to operate with exclusive franchise territory license monopolies, using the public way for infrastructure wiring, and conducting business in an environment that has only a whiff of "Effective Competition" per federal regulations, for barely 50% of the households in the state.

Other "INTERNET EXEMPT" Taxes & Fees Could additionally apply to

1. PURA AUDIT Fees
2. PEGPETIA Fees
3. License Application Fees
4. Advisory Council Fees

The MVPD policy of counting the "Cord Cutters" as exempt from community access subscriber fees is nothing short of shameful. This loophole must be closed, or the MVPD's could further justify this policy for ALL taxes and fees required under their operating license.

As a general note: There are only three classifications/categories/types of CT MVPD License:

1. CPCN Certificate of Public Convenience and Necessity (no active CT Licenses since 2009).
2. CCFA Certificate of Cable Franchise Authority (19 Active Cable TV Franchise licenses in CT – Jan 2015)
3. CVFA Certificate of Video Franchise Authority (5 Active State-wide Video Provider Franchise licenses in CT – Jan 2015)

Respectfully Submitted,
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Chairman, district 19 Cable Advisory Council