

BILL ANALYSIS

S.B. 1117
By: Hancock
State Affairs
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Currently, a telecommunications provider that installs lines in a city's right-of-way pays the city for the right to occupy that right-of-way. A cable franchise fee is an annual fee of five percent of gross revenue charged by local governments to a private cable television company as compensation for occupying a right-of-way for its cable lines.

In 2022, more than two dozen municipalities across Texas brought a lawsuit attempting to compel digital streaming services to pay cable franchise fees, despite these services not requiring cable lines. If these municipalities are successful, this fee could be passed along to customers in the form of higher bills.

S.B. 1117 seeks to clarify that any video programming accessed via a service enabling users to access content, information, email, or other services offered over the Internet, including streaming content, is not a form of cable or video service and is thus not subject to that franchise fee.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

S.B. 1117 amends the Utilities Code to exclude from the definitions of "cable service" and "video service" for purposes of provisions of the Public Utility Regulatory Act governing state-issued certificates of cable and video franchise and the payment of the corresponding franchise fee any video programming accessed via a service enabling users to access content, information, email, or other services offered over the Internet, including streaming content. The bill also excludes from that definition of "video service" direct-to-home satellite services, as defined by the federal Communications Act of 1934, that are transmitted from a satellite directly to a customer's premises without using or accessing a portion of the public right-of-way.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2023.