

BILL ANALYSIS

C.S.S.B. 924
By: Hancock
State Affairs
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Under current law, cable and video service providers are required to pay each municipality in which they provide such service a franchise fee of five percent of their gross revenue earned in that municipality as compensation for the use of the municipality's rights-of-way. The bill sponsor has informed the committee that many municipalities across the country are attempting to compel satellite TV and video streaming providers to pay franchise fees, despite these services not requiring cable lines, and if they are successful, customers could pay five percent more for satellite TV and each of their video streaming bills. C.S.S.B. 924 seeks to ensure that satellite services and streaming services that do not access the public right-of-way will not be subjected to payment of right-of-way fees.

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

C.S.S.B. 924 amends the Utilities Code to exclude the following services from the definition of "video service" for purposes of provisions of the Public Utility Regulatory Act (PURA) relating to state-issued cable and video franchise and the corresponding franchise fees:

- direct-to-home satellite services, as defined by applicable federal law relating to the FCC's powers and duties, that are transmitted from a satellite directly to a customer's premises without using or accessing a portion of the public right-of-way; or
- any video programming accessed via a service that enables users to access content, information, email, or other services offered over the Internet, including streaming content.

The bill establishes that the enactment of these exclusions does not affect the following:

- the obligation of a person who holds a state-issued certificate of franchise authority (SICFA) on September 1, 2025, to provide the compensation required under the applicable PURA provisions for use of a public right-of-way; or
- the application of the applicable PURA provisions to compensation with respect to services described by the bill's provisions provided before September 1, 2025, by a person who is involved in litigation regarding those PURA provisions on September 1, 2025.

C.S.S.B. 924 establishes that it is the legislature's intent that the bill's provisions do not affect the existing right of a municipality to bring an action against a holder or non-holder of a SICFA in a court of competent jurisdiction under the applicable PURA provisions.

EFFECTIVE DATE

September 1, 2025.

COMPARISON OF SENATE ENGROSSED AND SUBSTITUTE

While C.S.S.B. 924 may differ from the engrossed in minor or nonsubstantive ways, the following summarizes the substantial differences between the engrossed and committee substitute versions of the bill.

The substitute omits the provision from the engrossed that excluded from the definition of "cable service," for purposes of PURA provisions relating to state-issued cable and video franchise and the corresponding franchise fees, any video programming accessed via a service that enables users to access content, information, email, or other services offered over the Internet, including streaming content.

The substitute includes provisions, absent from the engrossed, that establish the following:

- the enactment of the bill's provisions excluding certain services from the definition of "video service" does not affect the following:
 - the obligation of a person who holds a SICFA on September 1, 2025, to provide the compensation required under the applicable PURA provisions for use of a public right-of-way; and
 - the application of the applicable PURA provisions to compensation with respect to services described by the bill's provisions provided before September 1, 2025, by a person who is involved in litigation regarding those PURA provisions on September 1, 2025; and
- the legislature's intent that the substitute version's provisions do not affect the existing right of a municipality to bring an action against a holder or non-holder of a SICFA in a court of competent jurisdiction under the applicable PURA provisions.

The engrossed provided for the bill's possible immediate effect, contingent on receiving the requisite constitutional vote, whereas the substitute provides only for the bill to take effect September 1, 2025, with no possibility for immediate effect.