

Legislative Analysis



EXTEND ASSESSMENT ON VIDEO SERVICE PROVIDERS FOR FIVE YEARS

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House Bill 5459

Sponsor: Rep. Douglas Geiss

Committee: Energy and Technology

Complete to 11-6-09

A SUMMARY OF HOUSE BILL 5459 AS INTRODUCED 9-23-09

Section 6 of the Uniform Video Services Local Franchise Act, Public Act 480 of 2006, required the Public Service Commission to determine the costs of its duties under the new act and to assess video services providers doing business in Michigan for those costs up to an annual total of \$1 million. Each provider must pay a share of the total assessment in the same proportion that the number of its subscribers bears to the total number of video service subscribers in Michigan in the preceding calendar year. For example, if a provider's video service customers amounted to half of all video service customers in Michigan in the preceding calendar year, that provider must pay half of the total assessment. This assessment provision is set to expire December 31, 2009.

The bill would extend this sunset date by five years, maintaining the assessment until December 31, 2014.

[In contrast, House Bill 5574 would extend this assessment on video service providers indefinitely with no sunset date.]

MCL 484.3306

FISCAL IMPACT:

The bill would extend the video franchise assessment, which is imposed by the Public Service Commission (MPSC) to support its costs of administering the Uniform Video Services Local Franchise Act. Currently, Section 6 of the act, MCL 484.3306(13), and HB 5459 limit the total assessment against all cable providers to not more than \$1.0 million. For FY 2010, the MPSC budget - 2009 PA 130 (SB 243) - authorizes up to \$400,000. Actual expenditures from the assessment for FY 2007-08 and FY 2008-09 have been a little less \$250,000 in each year. The actual amount of the assessment in a given year is based on the estimated expenditures for that year and the available fund balance carried forward from the prior fiscal year. Although the books have not closed on FY 2008-09, the year-end fund balance is estimated to be \$153,274. Given that current law sunsets at the end of the 2009 calendar year, the department has not sent out assessment notices for FY 2009-10. Should the sunset be extended, as provided under the bill, the FY 2009-10 assessments would be based on the anticipated costs incurred by the MPSC during the fiscal year, less the available fund balance carried forward. Based

on prior year expenditures, it would appear that the 2010 assessment would be approximately \$100,000.

The annual DELEG appropriations act creates the Video Franchise Assessment Fund, and credits assessment revenue under the Uniform Video Services Local Franchise Act to the fund, and permits the fund to retain any interest and earnings. Additionally, the appropriations act provides that any money in the fund at the close of the fiscal year may be carried forward into the next fiscal year and may "be used as the first source of funds in the subsequent fiscal year." [See Section 360 of 2009 PA 132.]

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