

Congress of the United States
Washington, DC 20515

July 22, 2019

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The Honorable Ajit V. Pai
Chairman
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Dear Chairman Pai:

We write in support of your proposal to reaffirm the federal framework for cable franchises, consistent with the Cable Act and bipartisan Federal Communications Commission (FCC) precedent.

The Cable Act carefully balanced the need to compensate communities for use of public rights-of-way with imperatives to expand services and limit costs for consumers. Communities may charge cable operators franchise fees of up to 5 percent of cable service gross revenues – roughly \$3 billion per year – ensuring that communities are compensated for costs they incur. At the same time, the 5 percent cap on fees, whether those fees are requested in cash or “in kind” contributions, safeguards against excessive costs that reduce funding available for deployment of new services, including broadband, and make service more expensive for consumers.

We are concerned that the 5 percent cap, including through “in kind” contributions, is not being appropriately upheld as intended under the statute. These “in kind” contributions, such as free service, programming, or advertising, can be valuable to communities. That is why we are pleased that under your proposal, local officials would continue to have discretion to choose which contributions best meet the needs of their communities, while keeping the total cost within the cap to avoid upending the careful balance achieved in the Cable Act.

We also recognize that franchise fees and other fees, such as those imposed on broadband services, must remain under the 5 percent cap. Your proposal correctly eliminates extra costs in circumstances where broadband service provided over the same franchised cable system does not add burden on the rights-of-way. These additional fees are contrary to the federal framework, as well as bipartisan Congressional intent to keep the internet free from taxation that drives up consumers’ bills and discourages broadband adoption. They also deter investment in broadband infrastructure needed to close the digital divide, particularly in rural areas that are already more costly to serve.

Therefore, as the FCC brings its rulemaking to conclusion, we encourage the FCC to act on both fronts: reaffirming that “in kind” contributions must be included in the 5 percent cap; and reinforcing that communities cannot charge extra fees for using rights-of-way to provide broadband and other non-cable services.

Thank you for your attention to this matter.

Sincerely,



Robert E. Latta
Member of Congress



Billy Long
Member of Congress



John Shimkus
Member of Congress



Pete Olson
Member of Congress



Gus Bilirakis
Member of Congress



Bill Flores
Member of Congress



Steve Scalise
Member of Congress



Adam Kinzinger
Member of Congress



Bill Johnson
Member of Congress



Tim Walberg
Member of Congress

CC: The Honorable Michael O’Rielly, Commissioner, Federal Communications Commission
The Honorable Jessica Rosenworcel, Commissioner, Federal Communications Commission
The Honorable Brendan Carr, Commissioner, Federal Communications Commission
The Honorable Geoffrey Starks, Commissioner, Federal Communications Commission