

VERMONT ACCESS NETWORK

25 January 2024

MEMO TO: Rep. Emilie Kornheiser and Members of House Ways + Means Committee

FROM: Lauren-Glenn Davitian, Public Policy Director, CCTV Center for Media + Democracy, davitian@cctv.org

RE: Testimony Regarding H. 657 Telecommunications Tax Modernization

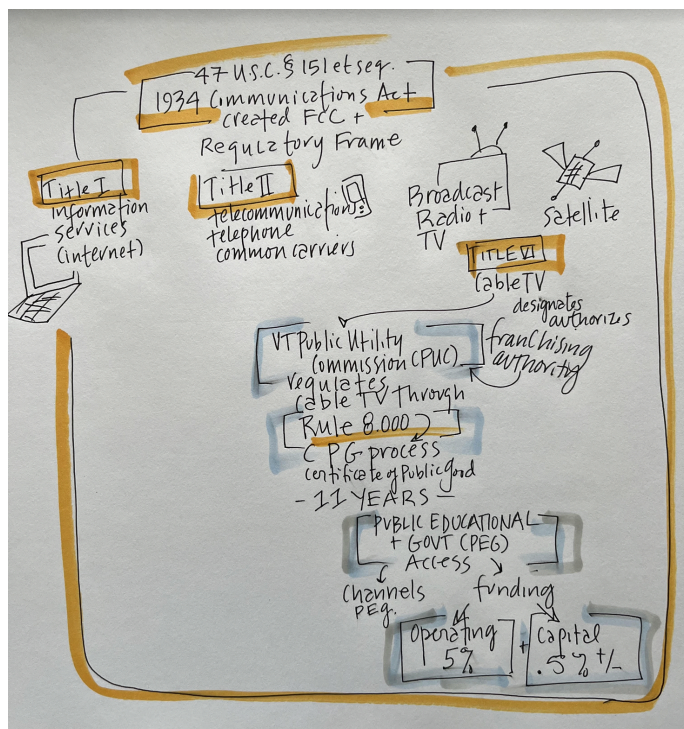
Madame Chair and Members of the Committee: My name is Lauren-Glenn Davitian and I am the founding Executive Director of CCTV Center for Media + Democracy, now serving as CCTV's Public Policy Director and working on behalf of Vermont's 24 community media centers which operate as Vermont Access Network ("VAN").

VAN is a statewide nonprofit organization that represents its members in matters of mutual concern, including the effective operation and advancement of Public, Educational and Government (PEG) access services throughout the State. Please see: <https://vermontaccess.net/>

Today, Vermont's 24 community media centers (also referred to in Rule 8.000 as access management organizations or AMOs) have a complex mission that makes them, as local media production centers, a combination of town hall, local newspaper, town library, public school, and Speaker's Corner.¹

¹ Vermont's AMOs were recognized by the State of Vermont as an "essential service" during the COVID pandemic because of the role they played in getting public meetings online and distributing emergency information. VAN members operate 75+ PEG cable channels and dozens of internet "channels", employ nearly 100 people in dozens of communities across Vermont; produce more than 18,000 hours of staff and volunteer generated TV and radio each year (including live open government public meetings, election forums and results, education access, community events, sports, cultural exchange, media education and the programs on topics from race to religion); maintain extensive video archives that play an important role in the preservation of local identity; and, provide unique non-commercial and community controlled resources—unlike commercial TV channels or today's social media platforms (e.g., YouTube, Facebook, TikTok).

Over the past 40 years, communities across the state have built an extensive network of PEG channels and community media services based on local demonstrations of “community needs and interests” during multiple Vermont Public Utility Commission (“PUC”) regulatory proceedings.



The PUC is authorized by 1984 Cable Act (Title 47 U.S.C. § 521 et seq.) to serve as the state’s cable “franchising authority” able to specify the conditions for cable operators to obtain an 11 year Certificate of Public Good (CPG) and do business in Vermont.

These CPG conditions include PEG access channels, capacity and funding (operating and capital) – per the 1984 Act, these public benefits provided in exchange for commercial use of the public rights of way.

Since the 1980’s, the PUC has earmarked Vermont’s cable “franchise fees” of 5% of the cable operator’s gross revenue to be used to finance PEG *operating* costs (labor, facilities, ongoing expenses).

Under federal law, PEG *capital* funding above the 5% may also be set aside. In Vermont, this capital support, is negotiated between the AMOs and cable operators, and typically stands at one half percent (.5%) depending on the size of the access management organization.

To give you a sense of scale, in calendar year 2022 Town Meeting TV received \$395K from Comcast subscribers in Chittenden County for operating funds and \$137K for capital expenses.

Once the PUC has issued a CPG for a cable operator to do business in Vermont, PEG operating and capital, channel capacity and other types of support are negotiated between the cable operator and AMO.

PEG fees are passed through to consumers and appear as a “PEG Fee” calculated on their total *cable* bill. Cable subscribers normally see a 5.5%+/- fee appear on their monthly bill.

Across the US and Vermont, consumers are canceling their cable subscriptions in favor of internet-based entertainment and news sources. Because cable revenue is such an integral part of PEG’s funding structure, its steady decline has a significant impact on PEG access *operating* budgets. For example, at Town Meeting TV, there has been a 19% decline of Comcast revenue between 2016 and 2023.

VAN appreciates the efforts of the Ways + Means Committee to modernize Vermont’s telecommunications tax structure. We agree that it is long overdue. H. 657 proposes to increase the amount of PEG capital funding and to incorporate the requirement of a 1% capital fee, returning this requirement from side negotiations with cable operators back into the CPG process.

While this would help to address a portion of community media funding issues, the bill does not address the central issue of declining cable revenue which is significantly impacting operating funds. By proposing to move the administration PEG capital funding into the Secretary of State’s office, this part of H.657 creates additional steps and a new administrative role for VAN.

For these reasons, VAN does not support the One Percent Cable Gross Revenue Charge proposed in H.657’s AMO Capital Costs section. We respectfully request that you address the issue of community media’s declining *operating* expenses which are typically 10 times the amount received for capital.

As members of the Committee are aware, [H.575](#), now before the House Environment and Energy Committee [would establish a new Community Media Public Benefit Fund](#), funded by communications service providers in the State, to ensure equitable and sustainable financial support for PEG access organizations in Vermont. [H.575](#) was developed from recommendations to the Legislature in the “PEG Study”, has been carefully vetted by legal experts, and falls within the Legislature’s jurisdiction.

We hope that you will consider H. 575 as part of the Committee’s larger policy goal of reforming Vermont’s telecommunications tax structure. Thank you.