



Vermont Community Media Public Benefit Fund

Testimony Presented to
House Ways + Means
Committee on behalf of
Vermont Access
Network - H. 657 v. 1.2

Lauren-Glenn Davitian, CCTV
Public Policy Director
7 February 2024



Community Media Public Benefit Fund

Thank you for the opportunity to testify on H. 657 v. 1.2, to establish a new *Community Media Public Benefit Fund*, funded by Vermont-based communications service providers to ensure equitable and sustainable financial support for local public, educational, and government (PEG) access services in Vermont.





Community Media Benefits Vermont

Today, Vermont's 24 community media centers build community and promote democracy. These accessible local institutions function as local media production and education centers – a combination of town hall, local newspaper, town library, and Speaker's Corner. AMOs provide rare local, non-commercial information, entertainment + community connection.





40 Years of Vermont Regulatory Support

- 1984 Cable Act authorizes Vermont to oversee cable franchises through the VT Public Utility Commission.
- Negotiated as part of dozens of PUC proceedings, Vermont cable contracts include PEG channels and funding for operating (5%) + capital needs (.05% +/-).
- PUC Rule 8.000 spells out the terms of cable operators' 11 year Certificates of Public Good (CPG), including PEG operating and capital funding based on "demonstrated community needs and interests".
- We've anticipated the PEG access funding problem since 1990, when the phone companies got into the TV business. As cable "cords" are cut, PEG funding is at risk. There is no corollary public benefit required of internet providers.



Vermont Access Network: “Essential Service”

- 24 Community Media Centers operating in all corners of Vermont with budgets ranging from \$75K to \$1M.
- Active community centers, “greasing the wheels of democracy” with local interactive meeting and event coverage, media education, community production + archiving.
- Diversified funding: cable subscribers, fees for service, underwriting, memberships, grants, philanthropy and, recently, the VT Legislature.
- VT Legislature recognized “essential service: with Study Committee (2018) and “PEG Study” (2019) + CRF + “bridge funding” General Fund Support of \$2.4M to date.



At a Glance

As a non-commercial local producer and presenter of thousands of hours of public meetings and community made programming and educator of generations of media makers, community media centers play a vital role in the cultural and political life of the state. 100 jobs and \$8M in revenue circulating primarily in Vermont demonstrates economic impact.

100

Jobs

80

Cable TV
Channels

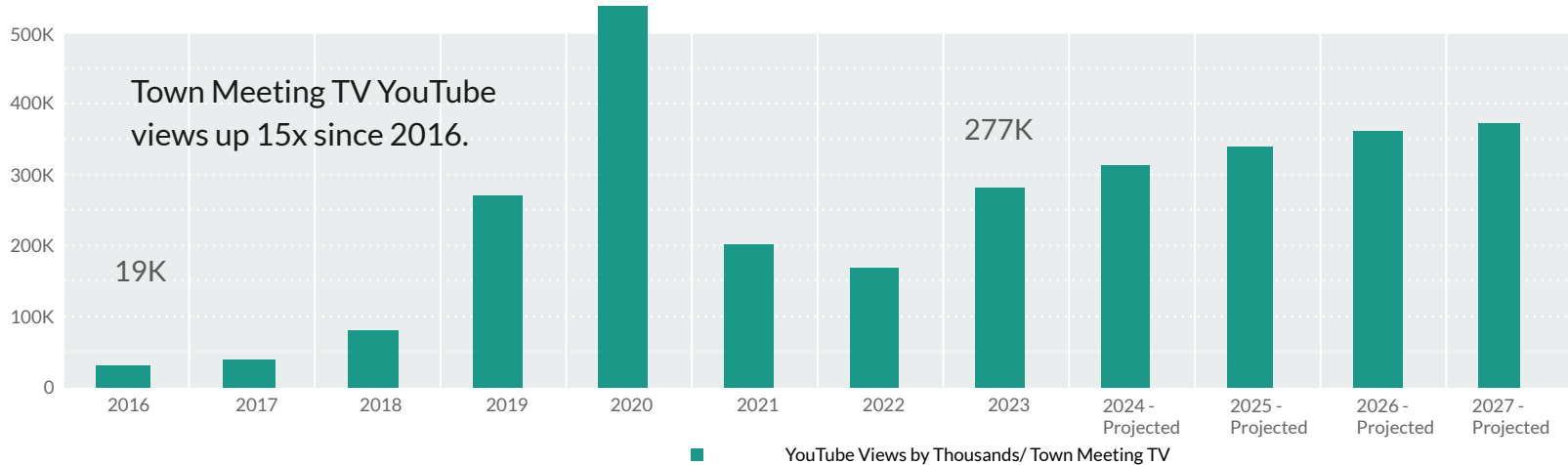
18K

New TV
Programs/ Year



Community Media Online

Vermont's community media centers began online program distribution in the mid-2000's. Programs are archived on AMO websites. Public meetings are typically live on YouTube. Archived and live programming may be seen on a variety of internet apps, including Apple TV, Fire TV, Google Play and Roku. Town Meeting TV's (Burlington area) YouTube viewership reached a peak of 576K views during the COVID-19 health emergency.





Recap: Financial Picture

- Vermont's 24 community media centers currently receive \$8 million from the cable "franchise fee" (5% operating + .05%+/- capital).
- Due to the steady decline of cable subscriptions in Vermont + increasing labor, equipment and other costs, the gap between community media revenue and expenses is growing.
- AMO's address this gap through revenue diversification (fees, grants, philanthropy, membership, underwriting) bridge funding from the Vermont Legislature.
- Example: Comcast revenue in Burlington area declined 19% between 2016 - 2023. Burlington Telecom revenue declined 28% in the same period.



U.S. Cable Penetration by Household

91%

According to Nielsen, cable penetration reached its high-water mark in May 2011 when 90.7% of all TV households (105.1 million) had subscribed to cable television.

2011

61%

Fast forward to September 2023, Nielsen counts 75.3 million multi-channel households accounting for 60.8% of all TV homes.

2023

38%

By 2027, the number of U.S. households with a cable subscription will fall below 50 million with household penetration at only 38%.

2027

Source: "With Cord-Cutting, Cable TV Industry Is Facing Financial Challenges", Brad Adgate, Forbes Magazine, 10 October 2023



Long Term Funding Solution

VAN's goal, supported by many members of the Legislature, is to create a long term solution that does not rely on the state's General Fund. The Community Media Public Benefit Fund provides a new funding stream that addresses the AMO revenue gap as video subscribers switch out their cable subscriptions for the internet.





Who Contributes to the Fund?

- All companies that deliver commercial voice, cable, internet, and wireless services to Vermont homes and businesses.
- The charge includes poles in the public rights-of-way and on private property, but does not include wireless macro towers.
- The charge is an excise tax on these companies' physical attachments to utility poles installed throughout the State.
- Vermont's municipal networks, including communications union districts (or CUDs) would be exempt.



Who Contributes to the Fund?



Cable companies would be permitted to deduct from the pole attachment charge from the franchise fee paid to AMOs.



The proposed rate is \$15/ pole which could yield as much as \$6.6 million to offset declining cable revenue.



Green Mountain Power estimates 475K attachments.



Excise tax paid to the Vermont Department of Taxes by July 1st of each year based on every pole attachment as of April 1st of that year.



Collection + Distribution

- Funds would be collected by the Vermont Department of Taxes and deposited into the Community Media Public Benefit Fund.
- Each year, the money from the Fund would be appropriated to the Vermont Secretary of State, which would provide an annual grant for the operational costs of AMOs.
- The grants would be administered by Vermont Access Network (“VAN”).
- The criteria for the distribution of the funds will be based on the relative decline in cable revenue and the budget requirements of the AMOs.



Other States



Maine - The act requires all video service providers with facilities in the public right-of-way obtain a franchise and run PEG channels.



New York - Establishes a 5% video streaming and satellite excise tax distributed on a 20/40/40 % split between the state, municipalities and community media organizations.



Massachusetts - Establishes a 5% fee for streaming services operating in the public right of way and distributes revenues to the state, municipalities and community media organizations on a 20/40/40 % split.



Vermont Community Media Public Benefit Fund

Thank you.

Lauren-Glenn Davitian
Public Policy Director
CCTV Center for Media +
Democracy

Burlington VT
davitian@cctv.org
802.777.7542