

United States Senate

WASHINGTON, DC 20510

498

July 22, 2019

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

Dear Chairman Pai,

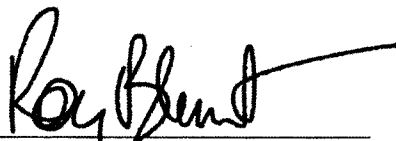
We write to you regarding the draft item on cable Franchise Authority that is currently being considered by the Federal Communications Commission (FCC). We support the FCC clarifying the treatment of "in-kind" contributions as franchise fees subject to the statutory cap. We also support clarifying the FCC's mixed-use ruling as it applies to the provision of non-cable services. Non-compliance with the existing statute and rules impedes carriers' ability to invest in broadband services, particularly in rural areas, and extend broadband services to unserved constituents.

The Cable Act allows states or municipal authorities to charge cable operators franchise fees for access to municipal rights of way. By capping these fees at 5 percent of cable service revenues, the law attempts to strike a careful balance between responsibly compensating municipalities for the use of public rights-of-way, while preventing excessive fees that drive up consumer bills and diminish private investment in broadband infrastructure. Franchise fees currently generate about \$3 billion a year in local revenues.

In some communities, state and local franchise authorities are attempting to find ways to charge more than the authorized 5 percent, either by impermissibly taxing broadband services, or by requiring costly "in-kind" contributions which surpass the statutory cap. Congress has long barred state and local broadband taxes.

Clarification of these rules in the forthcoming item is needed to avoid diverting funds away from continued expansion and improvement of the nation's high speed broadband infrastructure – including in rural areas – and to protect consumers from backdoor Internet taxes that raise consumer bills. We look forward to working with the FCC as we try to incentivize continued investment in modern broadband services for our constituents.


Sincerely,




Roy Blunt
United States Senator




John Thune
United States Senator



Ron Johnson
United States Senator



Ted Cruz
United States Senator



Marsha Blackburn
United States Senator