

SUBJECT: Interim study committee on municipal rights-of-way for telecommunications

COMMITTEE: State Affairs — favorable, without amendment

VOTE: 11 ayes — Wolens, S. Turner, Brimer, Carter, Counts, Danburg, Hilbert,
Hunter, Longoria, McCall, Ramsay

0 nays

4 absent — Alvarado, Craddick, D. Jones, Stiles

SENATE VOTE: On final passage, Local and Uncontested Calendar, May 5 — 30-0

WITNESSES: None

BACKGROUND : Cities charge telecommunications companies franchise fees to use public rights-of-way for land lines, poles and control equipment. Franchise fees vary from city to city; some cities take in-kind payments, such as public access cable channels, instead of money.

DIGEST: SB 1937 would establish state policy to encourage nondiscriminatory competition among telecommunications utilities, reduce barriers to providing service within municipalities, ensure fair and reasonable compensation for municipal rights-of-way, and ensure that consumers benefit from competition among telecommunication utilities within municipalities.

The bill would create a joint interim committee to investigate, report, and make legislative recommendations regarding the state franchise policy for municipalities with respect to telecommunications services provided wholly within cities by telecommunications utilities, including television cable companies. The committee would be charged with investigating the:

- need for consistency in terms and conditions, including the authorized compensation methodology, to be included in municipal franchise agreements;

- impact of, and legislative authority to modify, existing municipal fees and other requirements;
- type and amount of costs incurred in using municipal rights-of-way;
- type, basis, and amount of revenue generated; and
- municipal authority to impose conditions on or require compensation from telecommunications utilities.

The committee would be composed of the chairs of the Senate Economic Development and Intergovernmental Relations committees; the House Urban Affairs and State Affairs committees; and one member each appointed by the lieutenant governor and the speaker of the House. The final report of the interim committee would be due no later than November 1, 1998.

The interim committee could request staff assistance from the Public Utility Commission (PUC), Texas Legislative Council, Governor's Office, Senate, House of Representatives and other state agencies if necessary. The PUC would be required to conduct investigations and provide information and reports at the committee's request. The committee would be authorized to hold hearings and compel witnesses to attend the hearings.

The bill would take effect September 1, 1997, and expire on September 1, 1999.

**SUPPORTERS
SAY:**

SB 1937 would provide for the very necessary tasks of researching the issues to develop a reasonable and equitable state policy on municipal charges to telecommunication utilities. These utilities and their municipal hosts are experiencing strained relationships, due in large part to the tremendous growth in this field. Utilities are claiming that the current fragmented and arbitrary system many cities use to assess franchise fees impedes competition. The interim committee set up by SB 1937 would investigate these allegations and make recommendations to the 76th Legislature to provide for a level playing field for all telecommunications providers.

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OPPONENTS No apparent opposition.
SAY: