AN ACT RELATIVE TO DIGITAL ENTERTAINMENT ON PUBLIC RIGHTS OF WAY

Background

- Traditional cable, which is delivered through public rights of way, is regulated through franchise license agreements, which are negotiated at the municipal level. New cable alternatives, while often delivered via the same wires, are not subject to those same regulations.
- For decades, community media has thrived in Massachusetts thanks to these franchise license agreements, in which cable companies agree to send a small percentage of revenue back to the city or town in which they do business, usually in order to support local programming.
- Media consumption is changing, often from traditional cable to digital streaming. This bill seeks to replicate the success of the franchise fee system, but with a modern look at how entertainment providers are using public rights of way to deliver their product.
- Streaming providers rely on local infrastructure to sell their product to millions of Massachusetts residents, yet pay nothing to use that infrastructure.

Summary

- The bill would impose a 5% fee on digital streaming providers which are using public rights of way in order to sell their services to Massachusetts residents.
- Monies would be collected at the state level twice a year and then distributed to the state general fund, municipalities and community media centers. Distribution would be based on population and done via existing methods (cherry sheets and municipally organized PEG Funds)
- This bill is not a tax on the internet. Taxes and fees on entertainment (whether it be cable television, DVD purchases, movie theaters or move rentals) are not new. This bill aims to update the law to include new entertainment options which have entered the marketplace in the past decade and are growing in popularity.
- States which have already imposed a similar fee on streaming services: Florida, Iowa, Minnesota, Nebraska, North Carolina, Ohio, Pennsylvania, South Dakota, Washington. (Individual municipalities in California, Colorado and Illinois have also done so.)