

An Act to Modernize Funding for Community Media Programming **H.91 and S.2556**

Background:

- Traditional cable, delivered through public rights of way, is regulated through franchise license agreements negotiated at the municipal level. Cable alternatives, such as streaming entertainment, most often delivered via the same infrastructure, are not subject to those same regulations.
- Streaming entertainment operators rely on local infrastructure to sell their products to millions of Massachusetts residents, yet pay nothing to use that infrastructure. Holding these companies responsible for paying their fair share would greatly benefit all citizens of MA and the municipalities where they reside.
- In Massachusetts, cable contracts are negotiated locally. In these agreements, cable companies agree to remit up to 5% of their gross annual revenue back to the city or town where they do business, to support local programming.
- Massachusetts boasts the highest concentration of community media or PEG centers in the country - over 250 outlets provide local video content daily.
- Cable subscriptions in MA have declined over 50% in the last five years, and revenue for community media efforts has declined, in turn. Many federal lawmakers are seeking to deregulate industries like cable and broadband, meaning funding for community media could abruptly disappear entirely in the very near future.

Summary:

- Following the model of cable franchises, the bill would impose an annually-negotiated fee of up to 5% on streaming entertainment operators as compensation for their use of public rights of way.
- The monies collected would fund community media efforts across the Commonwealth and perhaps spawn new growth in communities without cable service and, therefore, no community media.
- The bill would help MA municipalities fund expenditures related to hybrid municipal meetings, data infrastructure improvements, school technology programs, and more.
- This bill is NOT a tax on the internet or on Massachusetts residents. Assessments on entertainment (cable television, digital downloads, movie theaters, or movie rentals) are not new. This bill updates the law to include new entertainment options that have entered the marketplace in the past decade and are rapidly growing in popularity.
- Community media injects hundreds of thousands of dollars into the local economy each year and employs hundreds of individuals.
- More than 30 US states currently tax digital goods in some form. MA is not one of them.
- Without community media, the cost of providing video services would fall to individual municipalities, likely causing local tax increases.