

Fiscal Note & Local Impact Statement

123rd General Assembly of Ohio

Ohio Legislative Budget Office: a nonpartisan agency providing fiscal research for the Ohio General Assembly
77 South High Street, 8th Floor, Columbus, OH 43266-0347 ✦ Phone: (614) 466-8734
E-mail: BudgetOffice@LBO.STATE.OH.US ✦ Internet Web Site: <http://www.lbo.state.oh.us/>

BILL: **Am. Sub. S.B. 67** DATE: **May 25, 2000**
STATUS: **As Enacted – Effective October 5, 2000** SPONSOR: **Sen. Hottinger**
LOCAL IMPACT STATEMENT REQUIRED: **Yes**
CONTENTS: **Establishes regulations for municipal cable systems**

State Fiscal Highlights

- No direct fiscal effect on the state.

Local Fiscal Highlights

LOCAL GOVERNMENT	FY 2000	FY 2001	FUTURE YEARS
Municipalities			
Revenues	- 0 -	- 0 -	- 0 -
Expenditures	- Potential increase -	- Potential increase -	- Potential increase -

Note: For most local governments, the fiscal year is the calendar year. The school district fiscal year is July 1 through June 30.

- Some regulations could result in a minimal increase in the cost of establishing, expanding, or operating a municipal cable system. Municipalities would also bear some of the costs of arbitration, which may be used to help resolve some of the disputes that may arise due to the legislation. However, participation in such arbitration is optional. In cases that subsequently go to court, municipalities could be subject to increased court costs. Alternatively, they could also receive court costs from private cable companies should they prevail in court.



Detailed Fiscal Analysis

This bill establishes regulations for public cable service providers – that is, any political subdivision of the state that is involved in the provision of cable service over a cable system.

In accordance with these regulations, any political subdivision intending to use public money for activities related to the establishment of a public cable system must give notice of its intent at least 45 days prior to the ordinance calling for the use of the money. The notice must be given to all persons that have filed pending applications with the political subdivision to provide cable or to whom the political subdivision has granted a franchise to provide cable service over a cable system. Activities related to the establishment of a public cable system include conducting studies, as well as the acquisition, construction, or improvement of facilities capable of providing cable. Any public cable service provider must also maintain a special fund for its cable system, and is required to annually prepare and publish records on a full-cost accounting basis for its cable system and the provision of cable service over the cable system. It must also pay all fees or their equivalent applicable to the operation of a cable system (*e.g.*, franchise fees, pole attachment fees, *etc.*). Public cable systems are also prevented from providing cable service to more residents outside of their political subdivision than within their subdivision.

Any violation of these regulations by a public cable system relieves any private cable system in the jurisdiction from having to comply with the corresponding regulations. Disputes involving some of the bill's provisions (*e.g.*, the accounting or anti-discrimination provisions) may be settled by arbitration. The arbitration is voluntary; so while municipalities would share in the cost of the arbitration, that aspect of the bill is permissive. The arbitration is also non-binding. However, the determination of the arbitration board may be entered as evidence in a subsequent court case involving the same dispute. In cases where the court rules in accordance with the arbitration finding, the finding may be used to award court costs. Such rulings could increase costs to municipalities in cases where the municipality lost the arbitration and the case. They could also increase revenues to municipalities if the municipality prevailed in both the arbitration and the case. The court would have discretion to decide the extent to which court costs should be awarded in any case.

Currently three municipalities in Ohio have public cable systems – Wadsworth, Lebanon and Bryan. While they would not have to hold hearings regarding the establishment of their systems, they would be subject to the other provisions of the bill. (Annual reporting, territorial limitations, *etc.*) Other municipalities likely to be affected by the legislation are the 81 other municipalities that operate a municipal electric system: With that massive change occurring in the electric industry, it is likely that one or more municipal utilities will consider investing in a cable system. While many of the regulations established in this bill are likely to be followed even without the bill (such as the establishment of a separate fund for the cable system), some provisions are likely to increase the costs of any municipality considering investing in a public cable system. In particular, the 45-day notice requirement is longer than the current notification period used by many municipalities. This could increase costs if special meetings must be scheduled to consider various investment alternatives in order to accommodate the 45-day notice period.

LSC fiscal staff: Doris Mahaffey, Senior Economist

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