



**Communications Coalition
of Kansas**

March 14, 2022

Senate Federal and State Affairs Committee

SB 547 – Franchise Fee

Oral In-Person Testimony

Opponent

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TCT Broadband Solutions and Communications Coalition of Kansas

Good morning, Chair Olson, and members of the Senate Federal and State Affairs Committee. I am Jason Pettit, and I am the Controller for TCT Broadband Solutions in Council Grove. I am also the chair of the Communications Coalition of Kansas (CCK) board of directors and appear before you in opposition to SB 547.

CCK members are very familiar with franchise fees and pay them in the various cities we provide services. Unfortunately, the current state of Kansas franchise law is a mess. This is largely because the franchise laws have been developed piecemeal rather than comprehensively. Also, technological developments have created cases of confusion and inconsistency. For example, some CCK members that have installed fiber in their communities have found themselves paying double franchise fees, one for telephone service and a second time for video carried over the same fiber; this is true even though fiber is generally more “future-proof,” requires less maintenance and disruption of the right of way and resulting in less cost to municipalities. Meanwhile, new ways to deliver communications services can lead to differing requirements on different providers, with government action affecting customer choice.

The proponents are asking you to exempt satellite service technology from the payment of franchise fees while not addressing other technologies. This change would favor one technology and give it a competitive advantage and we do not think this is fair or the right way to address the franchise fee issue. We think the franchise fee issue is complex, is interpreted differently throughout Kansas and needs more discussion than what can occur at the end of the session. We think a better and more fair way to address the proponent’s issue is to have a complete and thorough look at this issue and possibly make other changes to the franchise fee law, so it is clear to the providers and to the cities.

There is also a lot of discussion and debate amongst attorneys and the industry regarding whether the FCC 2019 order would supersede a state law such as SB 547 if enacted. Currently, there are lawsuits in other states that challenge the FCC order, but these cases have not been resolved.

As you can see, there is significant debate about franchise fees. However, the one thing everyone can agree on is that the issue of franchise fees is a very complex issue and is handled and interpreted differently throughout our state. This alone has caused headache for both the cities and the providers.

The CCK members believe the issues of franchise fees deserve more than a cursory review. We encourage the legislature to look more carefully at the issue with a broader review of state franchise law, with focus placed on two primary considerations: first, the state should avoid differing treatment of competing providers of services, effectively picking winners and losers; second, small cities and rural counties should have continuing access to reasonable revenue they need to meet their responsibilities to their citizens.

We understand the cities may depend on the revenue stream from franchise fees and while we think the franchise fee system needs to be looked at holistically, please know we want to continue to pay our fair share. We agree with the proponents that the franchise fee system needs to be cleaned up and clarified so providers and cities have a clear understanding of the state law. Thus, I respectfully ask the committee NOT to pass out SB 547 and instead ask for an interim study so all affected parties can discuss this issue over the summer and fall and allow us to have a full review of the issue.

Thank you for your time and I am happy to stand for questions at the appropriate time.