May 1, 2019

**The Honorable Amy Klobuchar**
United States Senator

**The Honorable Tina Smith**
United States Senator

**The Honorable Jim Hagedorn**
United States Representative

**The Honorable Angie Craig**
United States Representative

**The Honorable Dean Phillips**
United States Representative

**The Honorable Betty McCollum**
United States Representative

**The Honorable Ilhan Omar**
United States Representative

**The Honorable Tom Emmer**
United States Representative

**The Honorable Collin Peterson**
United States Representative

**The Honorable Pete Stauber**
United States Representative

**Re: Federal Telecommunications Issues**

Dear Members of the Minnesota Congressional Delegation:

The Minnesota Association of Community Telecommunications Administrators (“MACTA”) is a statewide professional organization of city representatives and staff, as well as a state chapter of the National Association of Telecommunications Officers and Advisors (“NATOA”). MACTA has members located in each of the 8 Congressional Districts in Minnesota. We are writing to inform you of action the Federal Communications Commission (the “FCC”) has recently taken action that we believe will not benefit Minnesota constituents and request action opposing it.

**Cable Franchising FNPRM – Proposed FCC Action Will Reduce or Eliminate Public Benefits**

The FCC has proposed rules to interpret the definition of “franchise fee” 34 years after the Cable Act’s passage to include the fair market value of non-monetary consideration contained in cable franchises. The following is a summary of the impact and lack of legal basis of the FCC’s proposed rules.

- **Impact of the FCC Proposed Rules**
  - Alters decades of past practice between cable operators and local governments.
  - Significantly reduces public benefits, such as access television and institutional networks.
  - Significantly reduces franchise fees (the consideration for the use of the rights-of-way) by 20-30% or more.
  - Potential retroactive application of the proposed rules could eviscerate a year or more of cable franchise fees.
  - Allows cable operators to double recover franchising costs through rates and franchise fees all on the backs of the cable subscriber.
(Impacts of FCC proposed rules, continued)

- Allows cable operators to unilaterally determine fair market value of non-monetary consideration.
- May eliminate consideration in separate agreements, such as settlement agreements between local governments and cable operators which contain public benefits.

**No Legal Basis for Altering Cable Franchise Fees**

- Legislative interpretation is not allowed when the meaning of the statute is clear. Section 622(g) clearly states that a franchise fee is limited to a tax, fee, or assessment of any kind imposed on a cable operator.
- The legislative history, judicial decisions, and other provisions in the Cable Act that allow a cable operator to recover these in-kind franchise provisions through its rates all show in-kind franchise provisions are not franchise fees.
- Decades of past practice show franchise fees have always been calculated only upon a fee on cable operator’s gross revenues.

**Action Requested**

We ask that each of you let the FCC know you are opposed to the proposed action in the cable franchising matter. We have attached a sample letter that Representative McCollum sent to the FCC last week. We thank Representative McCollum for her leadership on this issue. We believe this is a non-partisan issue that members of Congress of both parties can support. Please consider taking this action. We would be happy to provide any additional information to you.

Sincerely,

Jacque A. Smith  
President, MACTA

Mark Martinez  
Vice President, MACTA