
PUBLIC NOTICE – TAX AND FEE CHANGES REPORT

SUBJECT: STANDARDIZATION OF VIDEO SERVICE LICENSE FEE

This report provides information on a proposed standardization of Video Service License fees charged to providers of video service, as defined by 13 A.R.S. § 9-1401¹, to allow them to engage in the business of operating a video service or cable television system in the City of Phoenix.

THE ISSUE

Effective January 1, 2020, state law 13 A.R.S. § 9 allows current cable television providers, as well as new providers, to enter into a uniform Video Service Agreement. These agreements replace Cable Television Franchise Licenses previously entered into between individual cities and cable television providers.

The state law requires local governments to:

“adopt a local law that imposes the license fee equally and uniformly on all of the following that are operating within the boundaries of the local government:

1. Video service providers
2. Holdover cable operators.”

The City of Phoenix currently has Cable Franchise License agreements with cable television providers, allowing them access to the City’s rights-of-way. All of the current licenses include a fee on gross revenue of 5 percent. In compliance with this new law, the City of Phoenix will update the City Code to apply this same fee to all current and future providers. This action will not result in an increase of fees to any current video service provider.

¹ 28. "Video service": (a) Means the provision of multichannel video programming generally considered comparable to video programming delivered by a television broadcast station, video service or other digital television service, whether provided as part of a tier, on demand or on a per-channel basis, without regard to the technology used to deliver the video service, including internet protocol technology or any successor technology.

(b) Includes cable service.

(c) Does not include any of the following:

(i) Video programming provided solely as part of, and through, a service that enables users to access content, information, e-mail, messaging or other services that are offered via the public internet.

(ii) Direct broadcast satellite service. (iii) Wireless multichannel video programming that is provided by a commercial mobile service provider.