

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6422

BILL NUMBER: SB 216

NOTE PREPARED: Dec 29, 2009

BILL AMENDED:

SUBJECT: Repeal of Video Service Franchise Fee.

FIRST AUTHOR: Sen. Leising

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: This bill provides that a provider of video service to Indiana customers under: (1) a certificate of franchise authority issued by the Indiana Utility Regulatory Commission (IURC); or (2) an unexpired local franchise issued by a local unit before July 1, 2006; may not be required to pay a franchise fee to any local unit with respect to any calendar quarter or other reporting period that begins after June 30, 2010. It amends an incorrect reference to federal telecommunications law.

Effective Date: July 1, 2010.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: This bill repeals the video service franchise fee beginning July 1, 2010. The franchise fee is deposited into the general fund of the entities that impose the fee. According to data available in the Local Government Database, taxing units have budgeted about \$18 M in revenue from the franchise fee in CY 2009. Taxing units would lose this revenue beginning with payments for the July 1, 2010, quarter.

The franchise fee is paid quarterly, within 45 days after the end of each calendar quarter. So, under current law the third quarter of 2010 fee is payable by November 15, 2010, and the fourth quarter fee is payable in February 2011. Local budgets for CY 2010 must be certified by the DLGF by February 15, 2010. If budgets are built with a full year of franchise fee revenues, then the units would have a budget shortfall in the last

quarter of CY 2010 because of the missed November 15th payment.

State Agencies Affected:

Local Agencies Affected: Cities; Towns; Counties.

Information Sources: Local Government Database, DLGF.

Fiscal Analyst: Diana Agidi, 317-232-9867; Bob Sigalow, 317-232-9859.