



House of Representatives

General Assembly

File No. 372

February Session, 2024

Substitute House Bill No. 5446

House of Representatives, April 9, 2024

The Committee on Energy and Technology reported through REP. STEINBERG of the 136th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

AN ACT CONCERNING FUNDING FOR COMMUNITY ACCESS TELEVISION, THE CONNECTICUT TELEVISION NETWORK AND LOW-INCOME INTERNET ACCESS AND TAXATION OF COMMUNICATIONS SERVICES PROVIDERS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 12-256 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2024, and*
3 *applicable to quarterly periods commencing on and after October 1, 2024*):

4 (a) For purposes of this section: [, "quarterly period"]

5 (1) "Person" means person, as defined in section 12-1;

6 (2) "Communications services provider" means any person engaged
7 in the business of providing services to end users in the state through
8 landline facilities, wireless facilities or satellite transmission
9 constructed, operated or maintained by: (A) A telephone company or a
10 domestic telephone company, as such terms are defined in section 16-1;

11 (B) a certified telecommunications provider, as defined in section 16-1,
12 that holds a certificate of public convenience and necessity; (C) a
13 community antenna television company, that operates pursuant to a
14 certificate of public convenience and necessity; (D) a certified
15 competitive video service provider, as defined in section 16-1; (E) a
16 provider of noncable communications service, as defined in section 16-
17 1; (F) a cellular mobile telephone carrier that provides cellular mobile
18 telephone service pursuant to section 16-250b; or (G) any combination
19 thereof;

20 (3) "Communications services" means any services provided by a
21 communications services provider;

22 (4) "Landline facilities" means lines, facilities, apparatus and auxiliary
23 equipment located in, under or over any public street or highway or in
24 any other area and that are used to transmit or deliver communications
25 services;

26 (5) "Wireless facilities" means any facilities used for the transmission
27 or delivery of cellular mobile telephone service or mobile
28 telecommunications service, or for satellite transmission;

29 (6) "Satellite transmission" means the transmission or delivery of
30 communications services by satellites in orbit around the earth,
31 irrespective of whether such services are transmitted or delivered
32 pursuant to a certificate from the Public Utilities Regulatory Authority;

33 (7) "Quarterly period" means a period of three calendar months
34 commencing on the first day of January, April, July or October and
35 ending on the last day of March, June, September or December,
36 respectively.

37 (b) Each [person operating a community antenna television system
38 under chapter 289 or a certified competitive video service pursuant to
39 sections 16-331e to 16-331o, inclusive, and each person operating a
40 business that provides one-way transmission to subscribers of video
41 programming by satellite,] communications services provider shall pay

42 a quarterly tax upon the gross earnings from (1) [the lines, facilities,
43 apparatus and auxiliary equipment in this state used for operating a
44 community antenna television system] landline facilities used to
45 provide communications services to persons in the state, or (2) the
46 transmission [to subscribers in this state of video programming by
47 satellite or by a certified competitive video service provider, as the case
48 may be] of any communications services to persons in the state through
49 wireless facilities or through satellite transmission. No deduction shall
50 be allowed from such gross earnings for operations related to
51 commissions, rebates or other payments, except such refunds as arise
52 from errors or overcharges. On or before the last day of the month next
53 succeeding each quarterly period, each such person shall render to the
54 commissioner a return on forms prescribed or furnished by the
55 commissioner, signed by the person performing the duties of treasurer
56 or an authorized agent or officer of the system or service operated by
57 such person, which return shall include information regarding the name
58 and location within this state of such system or service and the total
59 amount of gross earnings derived from such operations and such other
60 facts as the commissioner may require for the purpose of making any
61 computation required by this chapter.

62 (c) For purposes of this chapter, [a holder of a certificate of cable
63 franchise authority under section 16-331p, and a community antenna
64 television company issued a certificate of video franchise authority
65 under section 16-331e for any service area in which it was not certified
66 to provide community antenna television service pursuant to section 16-
67 331 on or before October 1, 2007, shall be treated as a person operating
68 a community antenna television system under chapter 289] gross
69 earnings shall include: (1) Gross receipts from the charge for any
70 communications services billed to a person in the state; (2) receipts from
71 any subscriber line charges or other charges or assessments required by
72 the Federal Communications Commission, or from any other
73 governmental fees or assessments that are itemized on a customer's
74 billing statement; (3) any charges for the installation or maintenance of
75 wiring on a customer's premises; (4) any charges for the purchase or
76 rental of equipment, modems, phones or other devices that enable or

77 facilitate the use and enjoyment of any communications services; and (5)
78 any other service charges or fees assessed by the communications
79 services provider.

80 (d) The provisions of this section shall not apply to any state entity
81 providing services pursuant to section 4d-82.

82 Sec. 2. Section 12-258 of the general statutes is repealed and the
83 following is substituted in lieu thereof (*Effective October 1, 2024, and*
84 *applicable to quarterly periods commencing on and after October 1, 2024*):

85 (a) Each [person included in section 12-256] communications services
86 provider, as defined in section 12-256, as amended by this act, shall be
87 taxed upon the amount of the gross earnings in each quarterly period
88 from the lines, facilities, apparatus and auxiliary equipment operated by
89 it in this state, or from the transmission of [video programming] any
90 services to persons in the state by satellite transmission or [by a certified
91 competitive video service provider to subscribers in this state] wireless
92 facilities, as such terms are defined in section 12-256, as amended by this
93 act, as [the case may be] applicable, at the rates provided in this section.

94 (b) Gross earnings for any quarterly period, for the purposes of
95 assessment and taxation, shall be as follows: In the case of a person
96 carrying on the business wholly within the limits of this state, the entire
97 amount of the gross earnings subject to the tax imposed under section
98 12-256, as amended by this act; in the case of a person also carrying on
99 the business outside of this state, a portion of the entire amount of the
100 gross earnings subject to the tax imposed under section 12-256, as
101 amended by this act, apportioned to this state as follows:

102 (1) In the case of a [person operating a community antenna television
103 system] communications services provider, as defined in section 12-256,
104 as amended by this act, that provides services to persons in the state
105 through landline facilities, as defined in section 12-256, as amended by
106 this act, such portion of the total gross earnings from the lines, facilities,
107 apparatus and auxiliary equipment operated by it as is represented by
108 the total number of miles of lines operated by such person within this

109 state on the first day and on the last day of such quarterly period to the
110 total number of miles of lines operated by such person both within and
111 without the state on said dates, except as provided in subdivision (3) of
112 this subsection;

113 (2) [in] In the case of a [person operating a business that provides one-
114 way transmission to subscribers of video programming by satellite]
115 communications services provider, as defined in section 12-256, as
116 amended by this act, that provides services to persons in the state by
117 satellite or wireless facilities, as defined in section 12-256, as amended
118 by this act, such portion of the total gross earnings from the transmission
119 to subscribers in this state as is represented by the total number of
120 subscribers served by such person within this state on the first day and
121 on the last day of such quarterly period to the total number of
122 subscribers served by such person both within and without the state on
123 said dates; and

124 (3) [in] In the case of a [person providing] communications services
125 provider, as defined in section 12-256, as amended by this act, that is a
126 certified competitive video service provider, as defined in section 16-1,
127 such portion of the total gross earnings from the transmission to
128 subscribers in this state as is represented by the total number of
129 subscribers served by such person within this state on the first and the
130 last days of such quarterly period to the average of the total number of
131 subscribers served by such person both within and without the state on
132 said dates.

133 (c) The rates of tax on the gross earnings as determined in this section
134 shall be as follows: [(1) Persons operating a community antenna
135 television system or a certified competitive video service, five] Five per
136 cent of such gross earnings, reduced by: [any] (1) Any assessments made
137 pursuant to section 16-49 which are attributable to the year in which
138 such tax is assessed; and (2) [persons operating a business that provides
139 one-way transmission to subscribers of video programming by satellite,
140 five per cent of such gross earnings] any fee for community access
141 operations funding assessed to such communications services provider,

142 as defined in section 12-256, as amended by this act, by the Public
143 Utilities Regulatory Authority pursuant to subsection (k) of section 16-
144 331a, as amended by this act, provided any such provider did not charge
145 any community access fee on any bill to a subscriber of cable or video
146 service or to any other end-user of services provided by such provider.

147 Sec. 3. Section 12-80 of the general statutes is repealed and the
148 following is substituted in lieu thereof (*Effective October 1, 2024, and*
149 *applicable to assessment years commencing on or after October 1, 2024*):

150 Real and tangible personal property owned by any company,
151 including a foreign municipal electric utility as defined in section 12-59,
152 employed in the manufacture, transmission or distribution of gas or
153 electricity or both to be used for light, heat or motive power or in the
154 operation of a system of water works for selling or distributing water or
155 both for domestic or power purposes or for two or more of such
156 purposes shall be set in the list of each town where such property is
157 situated on its assessment day and shall be liable to taxation at such
158 percentage of its fair market value as is determined by the assessors
159 under the provisions of sections 12-64 and 12-71. The provisions of this
160 section shall not affect the provisions of section 12-76. Property subject
161 to taxation under the provisions of this section shall not be subject to
162 taxation under the provisions of sections 12-77, 12-78 and 12-79.
163 Railroad companies subject to taxation under the provisions of chapter
164 210 [, and express, telephone and cable companies subject to taxation
165 under the provisions of chapter 211,] shall not be subject to the
166 provisions of this section.

167 Sec. 4. Subsection (e) of section 12-80a of the general statutes is
168 repealed and the following is substituted in lieu thereof (*Effective October*
169 *1, 2024, and applicable to assessment years commencing on or after October 1,*
170 *2024*):

171 (e) For assessment years commencing on or after October 1, [1997]
172 2024, the provisions of this section, including informational reporting
173 requirements imposed on owners, shall [also] apply [, to the extent
174 provided in section 12-80b,] to property that is used both to render

175 telecommunications service subject to tax under chapter 219 and to
176 render community antenna television service subject to tax under
177 chapter 219. [and that is required, under subsection (a) of section 12-80b,
178 to be taxed as provided in this section.]

179 Sec. 5. Section 16-331a of the general statutes is repealed and the
180 following is substituted in lieu thereof (*Effective October 1, 2024*):

181 (a) As used in this section, "multichannel video programming
182 distributor" means a multichannel video programming distributor, as
183 defined in 47 CFR 76.1300, as amended from time to time, [amended,]
184 and includes an owner of an open video system, as defined in 47 CFR
185 76.1500, as amended from time to time. [amended.]

186 (b) Each community antenna television company or organization
187 selected pursuant to subsection (c) of this section, in consultation with
188 the franchise's advisory council, shall provide facilities, equipment, and
189 technical and managerial support to enable the production of
190 meaningful community access programming within [its] a franchise
191 area. Each community antenna television company shall include all [its]
192 community access channels in [its] such company's basic service
193 package. Each company or organization shall annually review its rules,
194 regulations, policies and procedures governing the provision of
195 community access programming. Such review shall include a period for
196 public comment, a public meeting and consultation with the franchise's
197 advisory council.

198 (c) If a community-based nonprofit organization in a franchise area
199 desires to assume responsibility for community access operations, [it]
200 the authority shall, upon [timely] petition [to the authority, be granted
201 intervenor status in a franchise] by such organization, hold a proceeding
202 [held] pursuant to this section. The authority shall assign [this]
203 responsibility for community access operations to the most qualified
204 community-based nonprofit organization or to the community antenna
205 television company in such franchise area based on the following
206 criteria: (1) The recommendations of the advisory council and of the
207 municipalities in the franchise area; (2) a review of the organization's or

208 the company's performance in providing community access
209 programming; (3) the operating plan submitted by the organization and
210 the company for providing community access programming; (4) the
211 experience in community access programming of the organization; (5)
212 the organization's and the company's proposed budget, including
213 expenses for salaries, consultants, attorneys, and other professionals; (6)
214 the quality and quantity of the programming to be created, promoted or
215 facilitated by the organization or the company; (7) a review of the
216 organization's procedures to ensure compliance with federal and state
217 law, including the regulations of Connecticut state agencies; and (8) any
218 other criteria determined to be relevant by the authority. If the authority
219 selects an organization to provide community access operations, the
220 company shall provide financial and technical support to the
221 organization in an amount to be determined by the authority. On
222 petition of the Office of Consumer Counsel or the franchise's advisory
223 council or on its own motion, the authority shall hold a hearing, with
224 notice, on the ability of the organization to continue [its] such
225 organization's responsibility for community access operations. In its
226 decision following such a hearing, the authority may reassign the
227 responsibility for community access operations to another organization
228 or the company in accordance with the provisions of this subsection.

229 (d) Each company or organization shall conduct outreach programs
230 and promote its community access services [. Such outreach and
231 promotion may include, but not be limited to (1) broadcasting cross-
232 channel video announcements, (2) distributing information throughout
233 the franchise area and not solely to its subscribers, (3) including
234 community access information in its regular marketing publications, (4)
235 broadcasting character-generated text messages or video
236 announcements on barker or access channels, (5) making speaking
237 engagements, (6) holding open receptions at its community access
238 facilities, and (7) in multitown franchise areas, encouraging the
239 formation and development of local community access studios operated
240 by volunteers or nonprofit operating groups] in a manner that best
241 serves the relevant community or communities, as determined by the
242 authority.

243 (e) Each company or organization shall adopt for its community
244 access programming a scheduling policy which encourages
245 programming diversity. Said scheduling policy shall include: (1)
246 [limiting] Limiting a program, except instructional access and
247 governmental access programming, to thirteen weeks in any one time
248 slot when a producer of another program requests the same time slot,
249 (2) procedures for resolving program scheduling conflicts, and (3) other
250 measures which the company or organization deems appropriate. A
251 company or organization may consider the availability of a substantially
252 similar time slot when making community access programming
253 scheduling decisions.

254 (f) [In the case of any initial, transfer or renewal franchise proceeding
255 held on or after October 1, 1990, the] The authority may, on its own
256 initiative, [in the first six months of the second, fifth, eighth and eleventh
257 years of the franchise term,] review and evaluate the company's or the
258 organization's provision of community access programming. [The
259 authority shall conduct such review or evaluation in any such
260 proceeding held on or after October 1, 1990, if] If the Consumer Counsel
261 or any interested party petitions the authority for such a review, [during
262 the first six months of the review year] the authority shall conduct such
263 review and evaluation. During any such review, [year,] if an
264 organization desires to provide community access operations it shall
265 petition the authority and the authority shall follow the procedures and
266 standards described in subsection (c) of this section in determining
267 whether to assign to the organization the responsibility to provide such
268 operations. No community access programming produced using the
269 facilities or staff of an organization or company providing community
270 access operations shall be utilized for commercial purposes without
271 express prior written agreement between the producer of such
272 programming and the organization or company providing community
273 access operations the facilities or staff of which were used in the
274 production of the programming. Such an agreement may include,
275 without limitation, a provision [regarding] that requires the producer
276 [and] of programming utilized for commercial purposes to share profits
277 realized by such programming with the company or organization.

278 [sharing any profit realized from such programming so utilized.] An
279 organization providing community access operations shall consult with
280 the company in the franchise area prior to making such an agreement.

281 (g) No organization or company providing community access
282 operations shall exercise editorial control over such programming,
283 except as to programming that is obscene and except as otherwise
284 allowed by applicable state and federal law. This subsection shall not be
285 construed to prohibit such organization or company from limiting the
286 hours during which adult programs may be aired. Such organization or
287 company may consult with the advisory council in determining what
288 constitutes an adult program for purposes of this subsection.

289 (h) Upon the request of the Office of Consumer Counsel or the
290 franchise's advisory council, and for good cause shown, the authority
291 shall require [an] the company or organization responsible for
292 community access operations within a franchise area to have an
293 independent audit conducted at the expense of [the] such company or
294 organization. For purposes of this subsection, "good cause" may include,
295 but need not be limited to, the failure or refusal of such organization: (1)
296 [to] To account for and reimburse the community access programming
297 budget for its commercial use of community access programming
298 facilities, equipment or staff, or for the allocation of such facilities,
299 equipment or staff to functions not directly related to the community
300 access operations of the franchise, (2) to carry over unexpended
301 community access programming budget accounts at the end of each
302 fiscal year, (3) to properly maintain community access programming
303 facilities or equipment in good repair, [or] (4) to plan for the replacement
304 of community access programming equipment made obsolete by
305 technological advances, or (5) to make efforts to facilitate the production
306 of local programming and to ensure that such programming is carried
307 on a community antenna television company's basic service package. In
308 response to any such request, the authority shall state, in writing, the
309 reasons for its determination.

310 (i) (1) Each company and nonprofit organization providing

311 community access operations shall report annually to the authority on
312 or before February fifteenth. The authority shall adopt regulations, in
313 accordance with the provisions of chapter 54, to specify the information
314 [which shall be] that is required in such report. Such information shall
315 [be] include information necessary for the authority to carry out the
316 provisions of this section.

317 (2) The authority may request additional information from any such
318 company or organization that is not provided in such annual report if
319 the authority determines that having such additional information is
320 necessary for the authority to carry out the provisions of this section.

321 (j) The advisory council shall review all community access
322 programming of a company or organization within the franchise area
323 which programming has been the subject of a complaint.

324 (k) [The] (1) For each franchise area, the authority shall establish the
325 amount that the company or organization responsible for community
326 access operations in such franchise area shall receive for such
327 operations. [from subscribers and from multichannel video
328 programming distributors.]

329 (2) The total amount of funding for all community access operations
330 in the state for the calendar year commencing January 1, 2025, and each
331 calendar year thereafter, shall [be five dollars per subscriber per year]
332 equal the total amount of funding that all companies and organizations
333 responsible for community access operations in the state received from
334 subscriber fees in the fiscal year ending June 30, 2015, adjusted annually
335 by a percentage reflecting the increase or decrease of the consumer price
336 index [for the preceding calendar year] in the years following said fiscal
337 year, as published by the United States Department of Labor, Bureau of
338 Labor Statistics, provided the authority may increase or decrease the
339 total amount by not more than forty per cent [of said amount for the
340 subscribers and all multichannel video programming distributors
341 within a franchise area after considering (1) the] in any given year. In
342 deciding whether to increase or decrease the total amount, the authority
343 shall consider: (A) The criteria set forth in subsection (c) of this section,

344 [(2)] (B) the level of public interest in community access operations in
345 the franchise area, [(3)] (C) the level of community need for educational
346 access programming, [(4)] (D) the level and breadth of participation in
347 community access operations, [(5)] (E) the adequacy of existing facilities,
348 equipment and training programs to meet the current and future needs
349 of the franchise area, and [(6)] (F) any other factors determined to be
350 relevant by the authority. Prior to increasing or decreasing [said] such
351 amount, the authority shall give notice and opportunity for a hearing to
352 the company, organization or, where applicable, the multichannel video
353 programming distributor. [and, where applicable, the organization
354 responsible for community access programming. The amount shall be
355 assessed once each year for each end user premises connected to an open
356 video system, irrespective of the number of multichannel video
357 programming distributors providing programming over the open video
358 system.]

359 (3) The authority shall assess a fee to each holder of a certificate of
360 cable franchise authority or a certificate of video franchise authority that
361 provides video programming to a franchise area that existed on October
362 1, 2007. If more than one such certificate holder serves such franchise
363 area, the authority shall apportion such fee based on the ratio of
364 subscribers of such certificate holder in such franchise area on the first
365 day of such calendar year to the total number of subscribers of all
366 certificate holders that serve such franchise area on the first day of such
367 calendar year. If a community access operation is managed by a
368 nonprofit organization, the authority shall require each certificate
369 holder to pay the fee in installments of not less than twenty-five per cent
370 of the total annual fee directly to such nonprofit organization, not later
371 than twenty-five days after the last day of each calendar quarter. The
372 total annual fees assessed by the authority to all certificate holders in a
373 franchise area shall equal the amount established pursuant to
374 subdivision (1) of this subsection for such franchise area.

375 (4) When the authority [issues, transfers or renews a certificate of
376 public convenience and necessity to operate a community antenna
377 television system] (A) approves the transfer of a certificate of video

378 franchise authority or a certificate of cable franchise authority, or (B)
379 approves an application under section 16-47 for a merger, acquisition or
380 change of control involving any holder of a certificate of cable franchise
381 authority or certificate of video franchise authority, or involving a
382 holding company that controls any such holder of a certificate of cable
383 franchise authority or certificate of video franchise authority, the
384 authority shall include in the [franchise agreement] final decision the
385 amount that the company or organization responsible for community
386 access operations shall receive for such operations. [from subscribers.
387 The authority shall conduct a proceeding to establish the amount that
388 the company or organization responsible for community access
389 operations shall receive for such operations from multichannel video
390 programming distributors and the method of payment of said amount.
391 The authority shall adopt regulations in accordance with chapter 54 to
392 implement the provisions of this subsection.]

393 (l) An organization assigned responsibility for community access
394 operations [which organization] that ceases to provide such operations
395 shall transfer its assets to the successor organization assigned such
396 responsibility or, if no successor organization is assigned such
397 responsibility, to another nonprofit organization within the franchise
398 area selected by the authority.

399 [(m) On petition or its own motion, the authority shall determine
400 whether a franchise area is subject to effective competition, as defined
401 in 47 USC 543, as from time to time amended. Upon a determination
402 that a franchise area is subject to effective competition, the provisions of
403 this section shall apply to multichannel video programming distributors
404 operating in the franchise area, provided (1) where multichannel video
405 programming distributors provide programming over a single open
406 video system, the provisions of this section shall apply jointly and not
407 separately to all such distributors providing programming on the same
408 open video system, and (2) the provisions of subsection (k) of this
409 section shall apply to multichannel video programming distributors
410 whether or not such distributors operate in a franchise area subject to
411 such effective competition.]

412 [(n)] (m) No community antenna television company or nonprofit
413 organization providing community access operations shall refuse to
414 engage in good faith negotiation regarding interconnection of such
415 operations with other community antenna television companies serving
416 the same area. No school or facility owned or leased by a municipal
417 government that possesses community access operations equipment
418 shall unreasonably deny interconnection with or the use of such
419 equipment to any such company or nonprofit organization. At the
420 request of such a company or nonprofit organization providing
421 community access operations, the authority may facilitate the
422 negotiation between such company or organization and any other
423 community antenna television company regarding interconnection of
424 community access operations.

425 [(o)] (n) Each company or organization shall consult with its advisory
426 council in the formation of a community access programming policy,
427 the adoption of the community access programming budget and the
428 allocation of capital equipment and community access programming
429 resources.

430 (o) Each household unit in any multiunit residential building or other
431 facility subject to the provisions of section 16-333a, that subscribes to
432 video programming, has constituted and shall continue to constitute an
433 individual subscriber, notwithstanding any joint or bulk billing
434 arrangement that existed prior to the effective date of this section. The
435 authority shall ensure that (1) any past subscriber counting was
436 accurate, and (2) ongoing subscriber counting is accurate. The authority
437 may issue orders to retroactively and prospectively correct the counting
438 of subscribers.

439 (p) Each company or organization assigned responsibility for
440 community access operations under this section has the right to record
441 in person and transmit live any public meeting or official event of any
442 municipality, as defined in section 12-41, or any regional council of
443 government organized under the provisions of sections 4-124i to 4-124p,
444 inclusive. The authority may investigate any dispute or complaint

445 arising under this subsection.

446 (q) Not later than July 1, 2030, and July first every five years
447 thereafter, the authority shall, in accordance with the provisions of
448 section 11-4a, report to the joint standing committee of the General
449 Assembly having cognizance of matters relating to energy and
450 technology on the status of funding for community access operations
451 during the five years preceding such report and the quantity of
452 community access programming that was produced locally during such
453 period, as reported by each community access organization or
454 community antenna television company.

455 Sec. 6. Section 2-71x of the 2024 supplement to the general statutes is
456 repealed and the following is substituted in lieu thereof (*Effective October*
457 *1, 2024*):

458 For the fiscal year ending June 30, 2024, and each fiscal year
459 thereafter, the Comptroller shall segregate three million two hundred
460 thousand dollars of the amount of the funds received by the state from
461 the tax imposed under chapter 211 on [public service companies
462 providing community antenna television service] communications
463 services providers in [this] the state. The moneys segregated by the
464 Comptroller shall be deposited with the Treasurer and made available
465 to the Office of Legislative Management to defray the cost of providing
466 the citizens of [this] the state with Connecticut Television Network
467 coverage of state government deliberations and public policy events.

468 Sec. 7. Section 16-331cc of the general statutes is repealed and the
469 following is substituted in lieu thereof (*Effective October 1, 2024*):

470 (a) There is established an account to be known as the "public,
471 educational and governmental programming and education technology
472 investment account", which shall be a separate, nonlapsing account
473 within the General Fund. The account shall contain any moneys
474 required by law to be deposited in the account and any interest or
475 penalties collected by the Commissioner of Revenue Services pursuant
476 to subdivision (2) of subsection (c) of this section.

477 (b) The moneys in said account shall be expended by the Public
478 Utilities Regulatory Authority as follows: (1) Fifty per cent of said
479 moneys shall be available to [local community antenna television and
480 video advisory councils; the state-wide video advisory council; public,
481 educational and governmental programmers and] public, educational
482 and governmental studio operators to subsidize capital and equipment
483 costs related to producing and procuring such programming, and (2)
484 fifty per cent of said moneys shall be available to boards of education
485 and other primary or secondary education entities as grants for
486 education technology initiatives that promote digital equity and digital
487 literacy, as such terms are defined in section 16-330a. If requested by the
488 Commission for Educational Technology established pursuant to
489 section 4d-80, the authority shall consult with said commission
490 concerning any application for a grant for an education technology
491 initiative pursuant to this subsection.

492 (c) (1) The account shall be supported solely through [a tax equal to
493 one-half of one per cent of the gross earnings from rendering
494 community antenna television service, video programming service by
495 satellite and certified competitive video service in this state for quarterly
496 periods beginning on or after October 1, 2007, and before October 1,
497 2009, and] a tax equal to one-quarter of one per cent of the gross earnings
498 from rendering [community antenna television service, video
499 programming service by satellite and certified competitive video] any
500 service in this state for quarterly periods beginning on or after [October
501 1, 2009] January 1, 2025, by each [person operating a community
502 antenna television system under this chapter or a certified competitive
503 video service pursuant to sections 16-331e to 16-331p, inclusive, and
504 each person operating a business that provides one-way transmission to
505 subscribers of video programming by satellite] communications
506 services provider, as defined in section 12-256, as amended by this act.
507 Such tax for a quarterly period shall be remitted to the Department of
508 Revenue Services, on or before the last day of the month next succeeding
509 the quarterly period, on a form prescribed by the Commissioner of
510 Revenue Services, which form shall be signed by the person performing
511 the duties of treasurer or an authorized agent or officer. For the

512 purposes of this section, gross earnings in this state shall be determined
513 in a manner consistent with chapter 211.

514 (2) The amount of any tax due and unpaid under this section shall be
515 subject to the penalties and interest established in sections 12-268d and
516 12-268e, and the taxpayer from which such tax is due and unpaid shall
517 be subject to the administrative provisions of sections 12-268f, 12-268g,
518 12-268i and 12-268l. The amount of any tax, penalty or interest due and
519 unpaid under this section may be collected under the provisions of
520 section 12-35.

521 (d) On or before October 1, 2007, the Public Utilities Regulatory
522 Authority shall initiate a contested case proceeding to establish
523 eligibility requirements and procedures for applying for allocations
524 from the account. On or before April 1, 2008, the authority shall issue a
525 final decision in the contested case proceeding. Such decision shall
526 include any recommendations to the Governor and the General
527 Assembly that the authority deems necessary with regard to the
528 ongoing operation of the account.

529 [(e) For purposes of this section, a holder of a certificate of cable
530 franchise authority pursuant to section 16-331p shall be treated as a
531 person operating a community antenna television system pursuant to
532 this chapter and community antenna television service shall include
533 service provided by a holder of a certificate of cable franchise authority
534 pursuant to section 16-331p.]

535 [(f)] (e) The Comptroller shall deposit into the public, educational and
536 governmental programming and education technology investment
537 account, established pursuant to this section, the total of the tax imposed
538 on [community antenna television service, video programming service
539 by satellite and certified competitive video service] communications
540 services providers, as defined in section 12-256, as amended by this act,
541 pursuant to this section.

542 [(g) When the balance of said account reaches more than one hundred
543 fifty thousand dollars, the authority shall make a one-time transfer of

544 one hundred fifty thousand dollars to the Office of Legislative
 545 Management for expenses related to the allowance of interconnection of
 546 the Connecticut Television Network with a certified competitive video
 547 service provider, as defined in section 16-1, for the purpose of making
 548 the Connecticut Television Network available to such provider's
 549 customers.]

550 Sec. 8. (NEW) (*Effective from passage*) The Office of Consumer Counsel,
 551 in consultation with the Departments of Administrative Services,
 552 Energy and Environmental Protection and Social Services, shall develop
 553 a plan for a Connecticut Internet for All Program to provide financial
 554 assistance to low-income households for subscriptions to broadband
 555 Internet access service. Not later than November 15, 2024, the Office of
 556 Consumer Counsel shall report such plan, and the office's
 557 recommendations, to the Governor, the Secretary of the Office of Policy
 558 and Management and the joint standing committees of the General
 559 Assembly having cognizance of matters relating to energy and
 560 technology and finance, in accordance with the provisions of section 11-
 561 4a of the general statutes. Such plan and report shall base funding for
 562 the Connecticut Internet for All Program on revenue from the gross
 563 earnings tax under sections 12-256 of the general statutes, as amended
 564 by this act, and 12-258 of the general statutes, as amended by this act.
 565 The Office of Consumer Counsel and the Departments of
 566 Administrative Services, Energy and Environmental Protection and
 567 Social Services may consult with other state agencies and broadband
 568 Internet access service providers in developing such plan and report.

569 Sec. 9. Sections 12-80b and 12-268j of the general statutes are repealed.
 570 (*Effective October 1, 2024*)

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2024, and applicable to quarterly periods commencing on and after October 1, 2024</i>	12-256

Sec. 2	<i>October 1, 2024, and applicable to quarterly periods commencing on and after October 1, 2024</i>	12-258
Sec. 3	<i>October 1, 2024, and applicable to assessment years commencing on or after October 1, 2024</i>	12-80
Sec. 4	<i>October 1, 2024, and applicable to assessment years commencing on or after October 1, 2024</i>	12-80a(e)
Sec. 5	<i>October 1, 2024</i>	16-331a
Sec. 6	<i>October 1, 2024</i>	2-71x
Sec. 7	<i>October 1, 2024</i>	16-331cc
Sec. 8	<i>from passage</i>	New section
Sec. 9	<i>October 1, 2024</i>	Repealer section

Statement of Legislative Commissioners:

In Section 8, "Effective upon passage" was changed to "Effective from passage" for consistency with standard drafting conventions, and "of the general statutes" was added for consistency with standard drafting conventions.

ET *Joint Favorable Subst. -LCO*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 25 \$	FY 26 \$
Department of Revenue Services	GF - Revenue Gain	Up to 15 million	Up to 20 million
Department of Revenue Services	GF - Cost	Up to 150,000	None
Revenue Serv., Dept.; Public Utilities Regulatory Authority (PURA)	PEGPETIA - See Below	See Below	See Below
Legislative Mgmt.	GF - Potential Revenue Loss	See Below	See Below
Public Utilities Regulatory Authority (PURA)	CC&PUCF - See Below	See Below	See Below

Note: GF=General Fund; PEGPETIA=Public Educational and Governmental Programming an; CC&PUCF=Consumer Counsel and Public Utility Control Fund

Municipal Impact:

Municipalities	Effect	FY 25 \$	FY 26 \$
Various Municipalities	Grand List Expansion	None	See Below

Explanation

The bill, which expands the public service companies tax with regard to communications providers, results in the following fiscal impacts:

Sections 1 and 2 establish an expanded gross earnings tax on communications providers which results in an estimated General Fund revenue gain of up to \$15 million in FY 25 and up to \$20 million in FY 26. This also results in a one-time cost of up to \$150,000 to the Department of Revenue Services in FY 25 associated with programming updates to the CTax tax administration system and myconneCT online

portal, printing/ mailing costs, and form modification.

Sections 3, 4 and 9 eliminate a current property tax exemption on certain personal property used for telecommunications and cable services. This results in a grand list expansion beginning in FY 26.¹

Section 5 adjusts the way community access programming is funded and results in a revenue loss to the Public Utilities Regulatory Authority (PURA). The bill requires PURA to use FY 15 assessment figures adjusted for inflation. PURA is empowered to adjust assessments by up to 40% for each individual franchise, but now must make those adjustments statewide. This adjustment results in a revenue loss to PURA.

Section 6 clarifies that the same \$3.2 million that is segregated annually from the gross earnings tax on cable and satellite companies for the operations of CT-N currently will continue to be provided under the expanded tax established in the bill. This does not result in any fiscal impact.

Section 7 repeals the existing 0.25% tax that funds the Public Educational and Governmental Programming and Educational Technology Investment Account (PEGPETIA) and replaces it with an expanded tax. This results in an estimated net revenue loss of \$200,000 in FY 25 and an estimated ongoing revenue gain of \$1 million annually beginning in FY 26 to PEGPETIA.²

Section 7 also eliminates a one-time transfer from PEGPETIA to the Office of Legislative Management (OLM) if the account reaches \$150,000 resulting in a potential savings to the PEGPETIA and a corresponding potential revenue loss to OLM.

Section 8 requires the Office of the Consumer Counsel (OCC) to

¹ A grand list expansion results in a revenue gain to municipalities given a constant mill rate.

² The bill repeals the existing PEGPETIA tax on October 1, 2024, but the new tax does not start until January 1, 2025. Thus, under the bill, there is no tax for the last calendar quarter of 2024.

develop a Connecticut Internet for All Program plan in consultation with various state agencies and does not result in a fiscal impact as this can be completed within existing resources.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**sHB 5446*****AN ACT CONCERNING FUNDING FOR COMMUNITY ACCESS TELEVISION, THE CONNECTICUT TELEVISION NETWORK AND LOW-INCOME INTERNET ACCESS AND TAXATION OF COMMUNICATIONS SERVICES PROVIDERS.*****SUMMARY**

This bill replaces the gross earnings tax on cable and satellite television companies with a broader gross earnings tax on communications providers. Under the bill, these are any business providing services to end users in the state through landline or wireless facilities or satellite transmission maintained by any combination of telephone companies, telecommunications providers, cable companies, or cellular mobile telephone carriers. The bill sets the tax at 5% of gross earnings, reduced by certain fees, including fees for community access programming (CAP) as established in the bill.

On October 1, 2024, it also repeals, the current 0.25% cable and satellite television companies gross earnings tax that funds the Public Educational and Governmental Programming and Educational Technology Investment Account (PEGPETIA) and, starting January 1, 2025, replaces it with a broader 0.25% gross earnings tax on communications providers to fund the account. (In doing so, it eliminates the tax for the last quarter of 2024.) The bill also narrows the entities and activities that may be supported by the account.

The bill eliminates a partial property tax exemption for tangible personal property used to provide cable or telecommunications services currently subject to the gross earnings tax (i.e., from cable and satellite television companies).

Under current law, CAP is primarily funded through a subscriber fee,

set in statute at \$5 per subscriber per year, adjusted for inflation. The bill instead sets the total amount of CAP funding for the state at the FY 15 level, adjusted for inflation, and requires the Public Utilities Regulatory Authority (PURA) to assess the fee based on cable franchise areas. The bill makes other changes related to CAPs, including on evaluation and reporting requirements and rights to record or transmit municipal meetings.

The bill also requires the Office of Consumer Counsel (OCC) to develop a plan for a Connecticut Internet for All program funded with revenue from the gross earnings tax on communications providers established under the bill.

Lastly, the bill makes minor, technical, and conforming changes.

EFFECTIVE DATE: October 1, 2024, with gross earnings tax provisions applicable to quarterly periods starting on October 1, 2024, except that the Connecticut Internet for All program plan requirement is effective upon passage.

§§ 1 & 2 — GROSS EARNINGS TAX ON COMMUNICATIONS PROVIDERS

Communications Providers

The bill establishes a gross earnings tax on communications providers, which are businesses providing service to end users in the state over the following technologies:

1. landline facilities (i.e., lines, facilities, and equipment located in, under, or over public streets or highways or in other areas, used to transmit or deliver communications services);
2. wireless facilities (i.e., facilities used for satellite transmission or to transmit cellular mobile telephone or mobile telecommunications services); and
3. satellite transmission (under a PURA certificate or otherwise).

The tax applies to communications services delivered over landline

or wireless facilities, or satellite transmission, built, operated, or maintained by any combination of the following companies:

1. telephone companies,
2. certified telecommunications providers that hold a certificate of public convenience and necessity (CPCN),
3. cable television companies, and
4. cellular mobile carriers.

For cable companies, the bill specifically applies to (1) community antenna television companies (CATV), operating under a CPCN; and (2) certified competitive video service providers, operating under a certificate of video franchise authority (CVFA), and providers of noncable services (generally, telecommunications services provided by a cable company, excluding cable services). (It is unclear whether any cable companies currently operate under a CPCN. In practice, cable companies issued a franchise under a CPCN before the industry was deregulated now operate under a certificate of cable franchise authority (CCFA) to provide services in a discrete geographic region (e.g., their franchise). Companies operating under CCFAs are not subject to the gross earnings tax under the bill. Although in practice, many of the same companies also hold CVFAs, a statewide certificate.)

The bill also exempts the Connecticut Education Network from having to pay the tax.

Tax Administration

Under the bill, the gross earnings tax for communications services providers is a quarterly tax on their gross earnings from services delivered by landline facilities, wireless facilities, or satellite transmission to people in the state. Like the current gross earnings tax, the bill's tax (1) does not allow for deductions for operations related to commissions, rebates, or other payments, unless they arise from errors or overcharges, and (2) requires taxpayers to file returns quarterly with the Department of Revenue Services to provide information on their

business and gross earnings.

Gross Earnings Subject to the Tax

Under the bill, the following gross earnings are taxable:

1. gross receipts from communications service charges billed to a person in the state;
2. receipts from subscriber line charges or other charges or assessment required by the Federal Communications Commission, or any other governmental fees or assessments itemized on a customer's billing statement;
3. installation or maintenance charges for wiring on a customer's premises;
4. charges to purchase or rent equipment, modems, phones, or other devices that enable or facilitate communications services; and
5. any other service charges or fees assessed by the communications service provider.

Tax Calculation

The bill sets the gross earnings tax rate at 5% of gross earnings. Communications service providers may subtract the following from their tax liability:

1. any assessment PURA makes on companies to pay for expenses related to PURA's, OCC's, and the Department of Energy and Environmental Protection's (DEEP) Bureau of Energy and Technology operations, as well as certain Office of Policy and Management (OPM) broadband internet activities; and
2. any fee for community access operations funding assessed by PURA (see § 5 below) if the company did not charge a community access fee on a subscriber's or other end-user's bill.

(Presumably, this refers to an itemized charge on the bill. Because

most communications services providers are not rate-regulated, it is not possible to determine whether a specific expense was passed through to a customer unless the company chooses to itemize the charge.)

Apportioning Revenues in the State

As is the case in current law, for companies that operate in multiple states, the bill's tax applies to the portion of company's gross earnings apportioned to Connecticut. Generally, companies apportion their earnings by multiplying their total gross earnings by a percentage representing the portion of their total business that is attributable to Connecticut.

Under the bill, for cable companies operating under a CVFA and for companies providing service through satellite or wireless facilities, the apportionment percentage is the ratio of the company's subscribers in Connecticut to its overall subscribers (in Connecticut and elsewhere). For companies providing services through landline facilities, the apportionment percentage is the ratio of total miles of lines the company operates in Connecticut to the total miles of lines it operates inside and outside Connecticut.

§§ 3, 4 & 9 — PROPERTY TAX EXEMPTION

Current law provides a property tax exemption for tangible personal property for companies subject to the gross earnings tax (i.e., cable and satellite television companies). The exemption applies to the part of the tangible personal property used to render telecommunications and cable services that are subject to the gross earnings tax. The bill eliminates this exemption and makes conforming changes.

§ 5 — COMMUNITY ACCESS PROGRAMMING

Existing law requires cable companies to provide facilities, equipment, and technical and managerial support to produce meaningful community access programming. A community-based nonprofit organization may petition PURA to assume these responsibilities, and PURA must assign the responsibilities to the nonprofit organization or to the cable company based on certain criteria.

Funding

Under current law, community access programming is primarily funded through a subscriber fee, set in statute at \$5 per subscriber per year, and adjusted for inflation based on the consumer price index (CPI). The fee applies to subscribers of cable and telecommunications companies that offer video services under a CCFA or CVFA. PURA may increase or decrease this amount by up to 40% based on the following criteria:

1. recommendations from the advisory council and the municipalities in the franchise area;
2. a review of the CAP provider's performance and its experience providing community access programming;
3. the CAP provider's operating plan and proposed budget;
4. the programming quality and quantity;
5. the CAP provider's procedures to ensure compliance with state and federal law;
6. the level of public interest in community access operations in the franchise area;
7. the level of community need for educational access programming;
8. the level and breadth of participation in community access operations;
9. the adequacy of existing facilities, equipment, and training programs to meet the franchise area's current and future needs; and
10. any other criteria PURA deems relevant.

Under current law, this amount is assessed once per year for each end user premises connected to the cable company's system. In practice, the subscriber fee is collected as a surcharge on the subscriber's monthly

bill.

The bill instead sets a total amount of funding for community access operations statewide, beginning January 1, 2025. This amount is equal to the total amount of funding that all CAP organizations and companies received from subscriber fees in FY 15, adjusted annually based on the changes in the CPI in the years following FY 15. The bill specifies that the CPI information is as published by the U.S. Department of Labor's Bureau of Labor Statistics. The bill maintains PURA's authority to increase or decrease the funding, but applies it to the total statewide amount, rather than amounts for each franchise. It requires PURA to consider the same criteria described above. (It is unclear how PURA would apply this criteria to a statewide amount because the criteria is based on individual franchises and local conditions.)

The bill requires PURA to assess a fee to each cable company providing services in a franchise area that existed on October 1, 2007, and requires the total annual fees PURA assesses to equal the amount described above (FY 15 total after adjustments). If more than one cable company provides service in the same franchise area, PURA must divide the fee proportionately based on the company's subscribers on January 1 of that calendar year. For nonprofit CAP providers, PURA must require the cable company to pay the fee in installments of at least 25% directly to the CAP provider after the last day of each calendar quarter.

Under the bill, each household unit in a multiunit residential building or other facility connected to a cable company's system that subscribes to cable programming is an individual subscriber for purposes of apportioning the fee, regardless of any existing joint or bulk billing arrangement. The bill (1) requires PURA to ensure the accuracy of past and ongoing subscriber counting and (2) allows PURA to issue orders retroactively and prospectively correcting the subscriber count.

The bill requires PURA to include the amount the CAP provider must receive in any final decision on a cable company's certificate transfer,

merger, acquisition, or other change in control.

Outreach

By law, CAP providers must conduct outreach programs and promote their services. Current law authorizes them to do so through several means, including broadcasting cross-channel video announcements and distributing information throughout their franchise area. The bill instead requires them to do so in a way that best serves one or more relevant communities as PURA determines.

Right to Record Municipal Events

The bill grants each CAP provider the right to record in person and transmit live any municipality's or council of government's public meeting or official event. The bill authorizes PURA to investigate any dispute or complaint.

CAP Reviews, Evaluations, and Audits

Current law allows PURA to review and evaluate the CAP provider's provision of community access programming, but only during a franchise proceeding and according to a certain schedule. Due to subsequent changes in the law and the industry, this provision is largely obsolete (see BACKGROUND). The bill instead allows PURA to do this review and evaluation on its own initiative or if OCC or any interested party petitions PURA for it.

Under current law, PURA must require nonprofit organizations responsible for community access programming to undergo an independent audit at the organization's expense if the OCC or advisory council requests it and shows good cause. The bill extends this requirement to cable companies responsible for community access programming. Under current law, "good cause" may include an organization's failure or refusal to perform certain functions (e.g., maintain facilities and equipment in proper repair). Under the bill, "good cause" may also include failure or refusal to try to facilitate the local programming production and ensure that the programming is carried on a cable company's basic service package.

Information and Reporting Requirements

Existing law requires nonprofits and cable companies responsible for community access programming to report annually to PURA by February 15. The bill authorizes PURA to request additional information if needed for PURA to carry out its duties under the bill and existing law.

The bill requires PURA to report every five years, starting July 1, 2030, to the Energy and Technology Committee on the funding status for community access operations during the previous five years and the quantity of community access programming produced locally over the same period, as reported by each community access organization or cable company.

§ 6 — CONNECTICUT TELEVISION NETWORK (CT-N)

Current law requires the comptroller to segregate \$3.2 million annually from proceeds of the current gross earnings tax on cable and satellite companies to fund CT-N. The bill instead sets this same requirement for the gross earnings tax on communications providers.

§ 7 — PEGPETIA

Under current law, PEGPETIA is funded by a 0.25% gross earnings tax on cable and satellite television companies. The bill repeals this tax and instead applies a 0.25% tax on communications providers starting January 1, 2025. (Because the bill's repeal of the current tax takes effect on October 1, 2024, but the new tax does not start until January 1, 2025, under the bill, there is no tax for the last quarter of 2024.) Companies determine their gross earnings in the same way as for the gross earnings tax described above. The bill retains current law's provisions on penalties and interest.

The bill also narrows the types of entities that may apply for funding from the account. Under current law, 50% of PEGPETIA funds must be available to local and statewide cable advisory councils and public, educational, and governmental (PEG) programmers and studio operators. Under the bill, these funds are only available to PEG studio

operators. By law, operators must use these funds to subsidize capital and equipment costs related to producing and procuring PEG programming.

Under current law, the other 50% of PEGPETIA funds must be available to boards of education and other education entities for education technology initiatives. The bill narrows the types of other education entities that may apply for this funding to primary or secondary education entities. It also specifies that these funds must be grants and the funded initiatives must promote:

1. digital equity, which is a condition in which all people and communities have the information technology capacity needed to participate in society, democracy, and the state's economy, and
2. digital literacy, which is the ability to use information and communication technology to find, evaluate, create, and communicate information, using both cognitive and technical skills.

The bill requires PURA to consult with the Commission for Educational Technology, at the commission's request, on any PEGPETIA grant application for an education technology initiative.

§ 8 — CONNECTICUT INTERNET FOR ALL PROGRAM PLAN

The bill requires OCC to develop a plan for a Connecticut Internet for All program to provide financial assistance to low-income households for broadband internet subscriptions. The bill requires the office to consult with the Department of Administrative Services, DEEP, and the Department of Social Services and allows these agencies to consult with other state agencies and broadband providers to develop the plan. The plan must base the program's funding on revenue from the gross earnings tax on communications providers established under the bill.

The bill requires OCC to submit the plan and its recommendations by November 15, 2024, to the governor, the OPM secretary, and the Energy and Technology and Finance, Revenue and Bonding

committees.

COMMITTEE ACTION

Energy and Technology Committee

Joint Favorable

Yea 12 Nay 8 (03/21/2024)