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BILL ANALYSIS

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House Bill 5574 (as passed by the House)
Sponsor: Representative Douglas Geiss
House Committee: Energy and Technology
Senate Committee: Energy Policy and Public Utilities

Date Completed: 12-3-09

CONTENT

The bill would amend the Uniform Video Services Local Franchise Act to do the following:

- Eliminate a December 31, 2009, sunset on provisions requiring the Public Service Commission (PSC) to impose assessments against video service providers to recover the Commission's costs in exercising its statutory duties.**
- Require the PSC, beginning with State fiscal year 2009-10, to deduct from the provider assessments the difference between its actual expenditures in the previous year and the amount assessed in the previous year.**
- Require all provider assessments to be deposited into a special account to be used to finance the PSC's costs in carrying out its duties under the Act.**

Under the Act, within 30 days after the enactment into law of any appropriation to the PSC, the Commission must ascertain the amount of the appropriation attributable to its actual costs in exercising the duties under the Act. That amount must be assessed against each video service provider doing business in Michigan. Each provider must pay a portion of the total assessment in the same proportion that its number of subscribers for the preceding calendar year bears to the total number of subscribers in the State. The total assessment may not exceed \$1.0 million annually. These provisions do not apply after December 31, 2009.

The bill would enact a similar provision effective January 1, 2010, except that the PSC would have to determine the amount to be assessed within 10 days after the enactment of any appropriation.

For the State fiscal year beginning October 1, 2009, and annually thereafter, an amount equal to the difference by which the actual expenditures of the PSC attributable to exercising its duties under the Act for the previous fiscal year were less than the amount assessed against each provider in the previous fiscal year, would have to be deducted from the amount to be assessed. The deductions would have to be made in the same proportion as the original assessments.

All money paid into the State Treasury by a video service provider would have to be credited to a special account to be used solely to finance the PSC's cost of exercising its duties under the Act.

Proposed MCL 484.3315

Legislative Analyst: Julie Cassidy

FISCAL IMPACT

The bill would extend the assessment on video service providers and allow for unspent funds to be carried forward into future fiscal years for expenditure. Without this legislation, the authority to assess these providers will sunset on December 31, 2009. These assessments are provided to the Public Service Commission for the cost of administering the Uniform Video Services Local Franchise Act. Currently, the amount of revenue that is collected is capped at \$1.0 million by statute, which the bill would not change. For FY 2009-10, Public Act 130 of 2009, the enacted budget for the Department of Energy, Labor and Economic Growth, includes \$400,000 in spending authority from this fee revenue and boilerplate authority to carry any balance forward into the next fiscal year for expenditure. Expenditures for this program have been less than \$250,000 per year while collected revenue was \$600,000 in FY 2006-07 and \$200,000 in FY 2007-08. This bill would allow for additional assessments in future years to cover the costs of administering this program.

Fiscal Analyst: Elizabeth Pratt
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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.