

## Section 12

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### Cable Television System Taxes, 1999

The *Code of Virginia*, §15.2-2108, grants local governments the authority to levy a license tax or franchise fee, or to issue certificates of public convenience and necessity to one or more cable television systems. However, in order to issue more than one license, franchise, or certificate of public convenience, the governing body must hold a public hearing to determine if the public welfare will be enhanced by additional awards. The public hearing should take testimony concerning "the economic consideration, the impact on private property rights, the impact on public convenience, the public need and potential benefit," and other factors that may be relevant.

Section §58.1-3818.3 of the Code of Virginia authorizes counties, cities, or towns to levy a video programming excise tax on cable television providers not otherwise subject to local fees or taxes on gross receipts. The rate cannot exceed 5 percent. The code authorizes providers to pass on to end-user subscribers itemized line charges.

This is in accordance with the *United States Code*, title 47, section 542 (section 622 of the Cable Act), that requires that a franchise fee be no more than 5 percent of the cable operator's annual gross revenue. Cable operators are permitted to pass franchise fees through to subscribers. However, the *U.S. Code* states that "any cable operator shall pass through to subscribers the amount of any decrease in a franchise fee."

**Table 12.1** presents the local franchise fees and local business license taxes on cable television companies for the 38 cities, 52 counties, and 126 towns that reported them in effect during the 1999 tax year. Eighteen cities levy a franchise fee of 3 percent, while an equal number impose a fee of 5 percent. Lynchburg is the only city imposing a 4 percent rate. For counties and towns, the franchise fees range from 0.5 percent to 10 percent and 0.01 percent to 5 percent, respectively.

**Table 12.1**  
**Cable Television System Taxes, 1999**

Locality	Franchise Fee on Gross Receipts (%)
<b>Cities</b>	Note: All cities responded to the survey. Those that answered "not applicable" for all items in this table are excluded.
Alexandria	3.0
Bedford	3.0
Bristol	3.0
Buena Vista	5.0
Charlottesville	5.0
Chesapeake	3.0
Clifton Forge	3.0
Colonial Heights	3.0
Covington	3.0
Danville	5.0
Emporia	3.0
Falls Church	5.0
Franklin	3.0
Fredericksburg	5.0
Galax	3.0
Harrisonburg	5.0
Hopewell	5.0
Lexington	5.0
Lynchburg	4.0
Manassas	5.0
Manassas Park	5.0
Martinsville	5.0
Newport News	3.0
Norfolk	5.0
Norton	3.0
Petersburg	3.0
Poquoson	5.0
Portsmouth	3.0
Radford	5.0
Richmond	5.0
Roanoke	5.0
Salem	3.0
Staunton	3.0
Suffolk	3.0
Virginia Beach	5.0
Waynesboro	3.0
Williamsburg	5.0
Winchester	3.0% 1st \$100,000 4.0% next \$100,000 5.0% over \$200,000

**Table 12.1 (continued)**

Locality	Franchise Fee on Gross Receipts (%)
<b>Counties</b>	Note: All counties responded to the survey. Those that answered "not applicable" for the items in this table are excluded.
Accomack	5.0
Alleghany	3.0
Amherst	3.0
Arlington	4.0
Bedford	3.0
Brunswick	2.0
Buchanan	1.0
Buckingham	10.0
Campbell	3.0
Caroline	\$1.00 per customer
Carroll	3.0
Charlotte	2.0
Chesterfield	5.0
Culpeper	5.0
Cumberland	2.0
Dinwiddie	5.0
Fairfax	5.0
Floyd	0.5
Franklin	3.0
Frederick	5.0
Gloucester	3.0
Goochland	3.0
Greensville	3.0
Halifax	3.0
Henrico	5.0
Henry	3.0
Isle of Wight	3.0
James City	5.0
King & Queen	3.0
King George	3.0
Lancaster	3.0
Lee	3.0
Loudoun	5.0
Mathews	5.0
Middlesex	3.0
New Kent	3.0
Orange	3.0
Pittsylvania	5.0
Powhatan	5.0
Prince Edward	3.0

**Table 12.1 (continued)**

Locality	Franchise Fee on Gross Receipts (%)
<b>Counties (continued)</b>	
Prince George	3.0
Prince William	5.0
Pulaski	3.0
Rappahannock	3.5
Richmond	3.0
Rockbridge	5.0
Spotsylvania	3.0
Stafford	3.0
Washington	5.0
Wise	5.0
Wythe	3.0
York	3.0
<b>Towns</b>	Note: Towns that answered “not applicable” for the items in this table are excluded. For a listing of town respondents and non-respondents, see Appendix B.
Abingdon	5.0
Altavista	3.0
Amherst	5.0
Appomattox	3.0
Ashland	3.0
Belle Haven	5.0
Berryville	3.0
Big Stone Gap	3.0
Blacksburg	5.0
Blackstone	5.0
Bloxom	5.0
Bluefield	2.2
Bowling Green	4.0
Boydton	5.0
Bridgewater	5.0
Broadway	5.0
Brodnax	3.0
Brookneal	3.0
Buchanan	3.0
Cedar Bluff	5.0
Charlotte Court House	5.0
Chase City	4.0
Chatham	3.0
Cheriton	5.0
Chilhowie	0.5

\* This rate is correct according to the locality.

Table 12.1 (continued)

Locality	Franchise Fee on Gross Receipts (%)
<b>Towns (continued)</b>	
Chincoteague	2.0
Clarksville	3.0
Clintwood	3.0
Coeburn	3.0% + \$300
Colonial Beach	5.0
Courtland	3.0
Crewe	5.0% (min. \$1,000)
Culpeper	3.0
Damascus	3.0
Dayton	5.0
Dillwyn	5.0
Drakes Branch	3.0% (min. \$1,200)
Dublin	1.5
Dumfries	4.0
Edinburg	0.5
Exmore	3.0
Farmville	5.0
Fincastle	3.0
Fries	3.0
Front Royal	5.0
Gate City	3.0
Glade Spring	3.0
Glasgow	3.0
Gordonsville	3.0
Goshen	5.0
Gretna	3.0
Grottoes	4.0
Grundy	3.0
Hallwood	5.0
Haymarket	5.0
Haysi	1.0
Herndon	8.0*
Hillsville	5.0
Honaker	3.0
Hurt	3.0
Irvington	3.0
Jarratt	5.0
Jonesville	2.0
Kenbridge	3.0
Keysville	3.0

\* In addition to 5% franchise fee, Herndon requires a 3% PEG (public, educational, government services) capital grant.

Table 12.1 (continued)

Locality	Franchise Fee on Gross Receipts (%)
<b>Towns (continued)</b>	
Kilmarnock	3.0
La Crosse	1.0
Lawrenceville	3.0
Lebanon	2.0
Leesburg	5.0
Louisa	5.0
Luray	5.0
Marion	5.0
McKenney	5.0
Middleburg	5.0
Mineral	3.0
Montross	2.0
Mount Jackson	1.0
Nassawadox	3.0
New Castle	3.0
New Market	5.0
Onancock	3.0
Onley	5.0
Orange	3.0
Painter	3.0
Parksley	5.0
Pearisburg	5.0% (min. \$250)
Pembroke	2.0
Pennington Gap	4.0
Pocahontas	0.5
Pound	0.25
Pulaski	4.0
Purcellville	5.0
Remington	5.0
Rocky Mount	3.0% (min. \$500)
Round Hill	5.0
Rural Retreat	3.0
Saint Charles	4.0
Saint Paul	3.0
Saltville	3.0
Saxis	5.0
Shenandoah	5.0
Smithfield	5.0
South Boston	5.0
South Hill	3.0

**Table 12.1 (continued)**

Locality	Franchise Fee on Gross Receipts (%)
<b>Towns (continued)</b>	
Stanley	5.0
Stephens City	3.0
Strasburg	3.0
Stuart	1.0
Tappahannock	4.0
Tazewell	3.0
Timberville	5.0
Urbanna	3.0
Victoria	3.0% of 1st \$100,000; 4.0% over \$100,000
Vienna	5.0
Vinton	5.0
Warrenton	5.0
Warsaw	3.0
Washington	3.5
Waverly	5.0
Weber City	0.05 + \$10
West Point	5.0
Windsor	5.0
Wise	3.0
Woodstock	5.0
Wytheville	5.0