

Section 13

Cable Television System Taxes, 2001

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 13.1 presents the local franchise fees and local business license taxes on cable television companies for the 36 cities, 53 counties, and 104 towns that reported them in effect during the 2001 tax year. The tax ranges from 3 percent to 5 percent in the cities, with 15 cities levying a fee of 3 percent, and twenty imposing a 5 percent fee. Winchester has a sliding fee ranging from 3 percent to 5 percent. The median charge for cities is 5 percent, and the mean is 4.14 percent. For counties, the franchise fees range from 0.5 percent (Floyd County) to 5 percent with the median at 3 percent and the mean at 3.58 percent. The median fee for towns stands at 4 percent (with a mean of 3.78 percent), with local fees ranging anywhere from 0.25 percent (Pound) to 5 percent.



Table 13.1
Cable Television System Taxes, 2001

Locality	Franchise Fee on Gross Receipts (%)
Cities	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	5.0
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	5.0
Manassas	5.0
Manassas Park	5.0
Martinsville	5.0
Newport News	5.0
Norfolk	5.0
Norton	3.0
Petersburg	3.0
Portsmouth	3.0
Radford	5.0
Richmond	5.0
Roanoke	5.0
Salem	3.0

Table 13.1 (continued)

Locality	Franchise Fee on Gross Receipts (%)
Cities (continued)	
Staunton	3.0
Suffolk	3.0
Virginia Beach	5.0
Waynesboro	3.0
Williamsburg	5.0
Winchester	3.0% 1 st \$100,000 4.0% next \$100,000 5.0% over \$200,000
Counties	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
Campbell	3.0
Caroline	\$1.00 per customer ^a
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	5.0
Henrico	5.0
Henry	3.0

^a The total received from Caroline’s charge of \$1 per customer cannot exceed 5 percent of gross receipts.

Table 13.1 (continued)

Locality	Franchise Fee on Gross Receipts (%)
Counties (continued)	
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
Prince George	3.0
Prince William	5.0
Pulaski	3.0
Rappahannock	3.5
Richmond	3.0
Roanoke	5.0
Rockbridge	5.0
Southampton	3.0
Spotsylvania	3.0
Stafford	3.0
Washington	5.0
Wise	5.0
Wythe	3.0
York	3.0
Towns	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
Alberta	3.0
Altavista	3.0
Amherst	5.0
Appomattox	3.0

Table 13.1 (continued)

Locality	Franchise Fee on Gross Receipts (%)
Towns (continued)	
Ashland	3.0
Berryville	3.0
Blacksburg	5.0
Blackstone	5.0
Bluefield	2.2
Boones Mill	MCS- Rate Link
Bowling Green	4.0
Boydton	5.0
Bridgewater	5.0
Broadway	5.0
Buchanan	3.0
Cedar Bluff	5.0
Charlotte Court House	5.0
Chatham	3.0
Cheriton	5.0
Chilhowie	0.5
Chincoteague	2.0
Clintwood	3.0
Coeburn	3.0% (min. \$300)
Colonial Beach	5.0
Crewe	5.0% (min. \$1,000)
Culpeper	5.0
Damascus	3.0
Dayton	5.0
Dillwyn	5.0
Drakes Branch	3.0% (min. \$1,200)
Dublin	1.5
Edinburg	0.5
Farmville	5.0
Fincastle	3.0
Fries	3.0
Front Royal	5.0
Gate City	3.0
Glade Spring	3.0
Herndon	5.0

Table 13.1 (continued)

Locality	Franchise Fee on Gross Receipts (%)
Towns (continued)	
Glasgow	3.0
Gordonsville	3.0
Gretna	3.0
Grottoes	4.0
Hallwood	5.0
Haymarket	5.0
Haysi	1.0
Herndon	8.0 ^b
Hillsville	5.0
Hurt	3.0
Independence	3.0
Irvington	3.0
Jonesville	2.0
Kenbridge	3.0
Keysville	3.0
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
Narrows	3.0 (min. \$250)
New Market	5.0

^b In addition to 5 percent franchise fee, Herndon requires a 3 percent PEG (public, educational, government services) capital grant.

Table 13.1 (continued)

Locality	Franchise Fee on Gross Receipts (%)
Towns (continued)	
Onancock	5.0
Onley	5.0
Orange	3.0
Painter	3.0
Pearisburg	5.0
Pennington Gap	5.0
Pound	0.25 ^c
Pulaski	4.0
Purcellville	5.0
Remington	5.0
Rich Creek	4.0
Rural Retreat	3.0
Saint Paul	3.0
Saxis	5.0
Shenandoah	5.0
South Boston	5.0
South Hill	3.0
Stanley	5.0
Stephens City	3.0
Strasburg	3.0
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
Windsor	5.0
Woodstock	5.0
Wytheville	5.0

^c Verified by locality.