

Section 12

Cable Television System Tax, 2004

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, and 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 excise taxes on cable television companies for the 28 cities, 45 counties, and 87 towns that reported them in effect during the 2004 tax year. The tax ranges from 3 percent to 5 percent in the cities. The median charge for cities is 5 percent for each of the two taxes. For counties, the franchise fees range from 0.5 percent (Floyd County) to 5 percent with the median at 5 percent for the franchise fee and 3 percent for the excise tax. The median fee for towns stands at 4 percent for the franchise fee and 3 percent for the excise tax, with local fees ranging anywhere from 0.5 percent (Chilhowie) to 5 percent.



Table 12.1
Cable Television System Tax, 2004

| Locality | Franchise Fee on Gross Receipts (%) | Excise Tax on Gross Receipts (%) |
|---|--|-------------------------------------|
| Cities (Note: All cities responded to the survey. Those that answered "not applicable" for both items in this table are excluded.) | | |
| Alexandria | 3.0 | N/A |
| Bedford | 3.0 | N/A |
| Chesapeake | 5.0 | N/A |
| Colonial Heights | 3.0 | N/A |
| Covington | 3.0 | N/A |
| Danville | 5.0 | N/A |
| Fairfax | 5.0 | N/A |
| Fredericksburg | 5.0 | 5.0 |
| Hampton | 5.0 | N/A |
| Harrisonburg | 5.0 | N/A |
| Hopewell | 5.0 | N/A |
| Lexington | 5.0 | N/A |
| Lynchburg | 5.0 | N/A |
| Manassas | 5.0 | N/A |
| Manassas Park | 5.0 | N/A |
| Martinsville | 5.0 | 5.0 |
| Newport News | 5.0 | N/A |
| Norfolk | 5.0 | 7.0 |
| Norton | 3.0 | N/A |
| Petersburg | 3.0 | N/A |
| Poquoson | 5.0 | N/A |
| Portsmouth | 5.0 | N/A |
| Radford | 5.0 | N/A |
| Roanoke | 5.0 | 5.0 |
| Salem | N/A | 3.0 |
| Staunton | 5.0 | N/A |
| Suffolk | 5.0 | N/A |
| Waynesboro | 3.0 | N/A |
| Counties (Note: All counties responded to the survey. Those that answered "not applicable" for both items in this table are excluded.) | | |
| Accomack | 5.0 | N/A |
| Alleghany | 5.0 | N/A |
| Amherst | 3.0 | N/A |
| Arlington | 4.0 | N/A |
| Bedford | 3.0 | N/A |
| Buchanan | 1.0 | N/A |
| Buckingham | 10.0 | N/A |
| Caroline | \$1.00 per customer ^a | N/A |
| Charlotte | 5.0 | N/A |
| Chesterfield | 5.0 | N/A |
| Culpeper | 5.0 | N/A |
| Cumberland | 5.0 | N/A |
| Dinwiddie | 5.0 | N/A |
| Fairfax | 5.0 | N/A |
| Fauquier | 5.0 | N/A |
| Floyd | 0.5 | N/A |
| Franklin | 5.0 | N/A |
| Frederick | 5.0 | N/A |
| Giles | 5.0 | N/A |
| Gloucester | 3.0 | N/A |
| Halifax | 5.0 | N/A |
| Hanover | 5.0 | N/A |
| Henrico | 5.0 | N/A |
| Henry | N/A | 3.0 |
| James City | 5.0 | N/A |
| King & Queen | 3.0 | N/A |
| Lancaster | 3.0 | N/A |
| Lee | 5.0 | N/A |
| Loudoun | 5.0 | N/A |
| New Kent | 3.0 | N/A |

N/A Not applicable

^aThe total received from Caroline County's charge of \$1 per customer cannot exceed 5 percent of gross receipts.

Table 12.1 Cable Television System Tax, 2004 (continued)

| Locality | Franchise Fee on Gross Receipts (%) | Excise Tax on Gross Receipts (%) |
|---|--|-------------------------------------|
| Counties (continued) | | |
| Northumberland | 3.0 | N/A |
| Orange | 3.0 | 3.0 |
| Prince Edward | 5.0 | N/A |
| Prince George | 3.0 | N/A |
| Prince William | 5.0 | N/A |
| Rappahannock | 3.5 | N/A |
| Roanoke | 5.0 | N/A |
| Rockbridge | N/A | 5.0 |
| Smyth | 3.0 | N/A |
| Southampton | 5.0 | N/A |
| Spotsylvania | 3.0 | N/A |
| Stafford | 3.0 | N/A |
| Wise | 5.0 | N/A |
| Wythe | 3.0 | N/A |
| York | N/A | 3.0 |
| Towns (Note: Towns that answered "not applicable" for both items in this table are excluded. For a listing of town respondents and non-respondents, see Appendix B.) | | |
| Abingdon | 5.0 | N/A |
| Alberta | N/A | 3.0 |
| Altavista | 3.0 | N/A |
| Appomattox | 3.0 | N/A |
| Berryville | 3.0 | N/A |
| Blacksburg | 5.0 | 1.45 |
| Blackstone | 0.5 | N/A |
| Bowling Green | 4.0 | N/A |
| Branchville | 5.0 | N/A |
| Bridgewater | 5.0 | N/A |
| Brodnax | 3.0 | N/A |
| Cedar Bluff | 5.0 | N/A |
| Chase City | 4.0 | N/A |
| Chilhowie | 0.5 | N/A |
| Chincoteague | 2.0 | N/A |
| Christiansburg | 5.0 | N/A |
| Clarksville | 3.0 | N/A |
| Clifton Forge | 5.0 | N/A |
| Clintwood | 5.0 | N/A |
| Coeburn | 3.0 | N/A |
| Courtland | 3.0 | N/A |
| Crewe | 5.0 | 5.0% (\$1,000 minimum) |
| Damascus | 5.0 | N/A |
| Dayton | 5.0 | N/A |
| Dillwyn | 5.0 | N/A |
| Drakes Branch | 3.0% (\$1,200 minimum) | N/A |
| Dublin | 3.0 | N/A |
| Exmore | 3.0 | N/A |
| Farmville | 5.0 | N/A |
| Fries | 3.0 | N/A |
| Front Royal | 5.0 | N/A |
| Glade Spring | N/A | 3.0 |
| Glasgow | 3.0 | N/A |
| Gordonsville | N/A | 3.0 |
| Goshen | 5.0 | N/A |
| Gretna | 5.0 | N/A |
| Hamilton | 5.0 | N/A |
| Haysi | 1.0 | N/A |
| Herndon | 5.0 | 3.0 |
| Hillsville | 5.0 | N/A |

N/A Not applicable

Table 12.1 Cable Television System Tax, 2004 (continued)

| Locality | Franchise Fee on Gross Receipts (%) | Excise Tax on Gross Receipts (%) |
|--------------------------|--|-------------------------------------|
| Towns (continued) | | |
| Hurt | 3.0 | N/A |
| Iron Gate | 3.0 | N/A |
| Irvington | 3.0 | N/A |
| Keller | 3.0 | N/A |
| Kenbridge | 3.0 | N/A |
| Keysville | 3.0 | N/A |
| Kilmarnock | 1.46 | N/A |
| La Crosse | 1.0 | N/A |
| Lawrenceville | N/A | 3.0 |
| Lebanon | 3.0 | N/A |
| Leesburg | 5.0 | N/A |
| Lovettsville | 5.0 | N/A |
| Luray | 5.0 | N/A |
| Middleburg | 5.0 | N/A |
| Montross | 2.0 | N/A |
| Mount Jackson | 1.0 | N/A |
| Narrows | 3.0% (\$250 minimum) | N/A |
| New Castle | 3.0 | N/A |
| Occoquan | 5.0 | N/A |
| Onancock | 5.0 | N/A |
| Onley | 5.0 | N/A |
| Orange | 3.0 | N/A |
| Pearisburg | 5.0 | N/A |
| Pennington Gap | 5.0 | N/A |
| Rocky Mount | 5.0 | N/A |
| Round Hill | 5.0 | N/A |
| Rural Retreat | 3.0 | N/A |
| Saint Paul | 0.5 | N/A |
| Scottsville | 3.0 | N/A |
| Shenandoah | 5.0 | N/A |
| Smithfield | 5.0 | N/A |
| South Boston | 0.5 | N/A |
| Strasburg | 3.0 | N/A |
| Tappahannock | 4.0 | N/A |
| Tazewell | 3.0 | N/A |
| Timberville | 5.0 | N/A |
| Troutville | N/A | 3.0 |
| Vienna | N/A | 5.0 |
| Vinton | 5.0 | N/A |
| Wakefield | 3.0 | N/A |
| Warrenton | 5.0 | N/A |
| Warsaw | 3.0 | N/A |
| Waverly | 5.0 | N/A |
| Windsor | 5.0 | N/A |
| Wise | 5.0 | N/A |
| Woodstock | 5.0 | N/A |
| Wytheville | 3.0% on 1st \$65,300 4.0% on next \$42,200 6.0% on over \$98,500 | N/A |

N/A Not applicable.