

## Section 12

### Cable Television System Franchise Fee, 2005

The *Code of Virginia*, § 15.2-2108, grants local governments the authority to grant a license or franchise, 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.

The rate cannot exceed 5 percent of gross revenue. 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* also 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 for cable television companies for the 28 cities, 44 counties, and 78 towns that reported them in effect during the 2005 tax year. The reported tax ranges from 3 percent to 7 percent (Richmond) in the cities. The median charge for cities is 5 percent. For counties, the franchise fees range from 0.5 percent (Floyd County) to 5 percent with the median at 5 percent. The median fee for towns stands at 5 percent, with local fees ranging anywhere from 0.5 percent (Chilhowie) to 5 percent. The following table summarizes the different charges reported by localities:

Cable TV Fee	Cities	Counties	Towns	Total
Under 5%	7	18	36	61
5%	20	25	41	86
Over 5%	<u>1</u>	<u>1</u>	<u>0</u>	<u>2</u>
Total	28	44	77	149



**Table 12.1**  
**Cable Television System Tax, 2005**

Locality	Franchise Fee on Gross Receipts (%)	Locality	Franchise Fee on Gross Receipts (%)
<b>Cities</b> (Note: All cities responded to the survey. Those that answered "not applicable" for both items in this table are excluded.)			
Alexandria	3.0	Martinsville	5.0
Bedford	3.0	Newport News	5.0
Chesapeake	5.0	Norfolk	5.0
Colonial Heights	3.0	Norton	3.0
Covington	3.0	Petersburg	3.0
Danville	5.0	Poquoson	5.0
Fairfax	5.0	Portsmouth	5.0
Fredericksburg	5.0	Radford	5.0
Hampton	5.0	Richmond	7.0
Harrisonburg	5.0	Roanoke	5.0
Hopewell	5.0	Salem	N/A
Lexington	5.0	Staunton	5.0
Lynchburg	5.0	Suffolk	5.0
Manassas	5.0	Waynesboro	3.0
Manassas Park	5.0		
<b>Counties</b> (Note: All counties responded to the survey. Those that answered "not applicable" for both items are excluded.)			
Accomack	5.0	James City	5.0
Alleghany	5.0	King & Queen	3.0
Amherst	3.0	Lancaster	3.0
Arlington	4.0	Lee	5.0
Bedford	3.0	Loudoun	5.0
Buchanan	1.0	New Kent	3.0
Buckingham	10.0	Northumberland	3.0
Caroline	\$1.00 per customer <sup>a</sup>	Orange	3.0
Charlotte	5.0	Patrick	3.0
Chesterfield	5.0	Prince Edward	5.0
Culpeper	5.0	Prince George	3.0
Cumberland	5.0	Prince William	5.0
Dinwiddie	5.0	Richmond	3.0
Fairfax	5.0	Roanoke	5.0
Fauquier	5.0	Rockbridge	N/A
Floyd	0.5	Smyth	3.0
Franklin	5.0	Southampton	5.0
Frederick	4.4	Spotsylvania	3.0
Giles	5.0	Stafford	3.0
Gloucester	5.0	Westmoreland	5.0
Halifax	5.0	Wise	5.0
Hanover	5.0	Wythe	3.0
Henrico	5.0	York	N/A
Henry	N/A		
<b>Towns</b> (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	Chilhowie	0.5
Alberta	N/A	Chincoteague	2.0
Altavista	3.0	Christiansburg	5.0
Appomattox	3.0	Clarksville	3.0
Berryville	3.0	Clifton Forge	5.0
Blacksburg	5.0	Clintwood	5.0
Blackstone	0.5	Coeburn	3.0
Bluefield	5.0	Crewe	5.0
Bowling Green	4.0	Damascus	5.0
Boyce	5.0	Dayton	5.0
Bridgewater	5.0	Dillwyn	5.0
Brodnax	3.0	Drakes Branch	3.0
Cape Charles	5.0	Dublin	3.0
Cedar Bluff	5.0	Exmore	3.0
Chase City	4.0	Farmville	5.0

N/A Not applicable

<sup>a</sup> The 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, 2005 (continued)

Locality	Franchise Fee on Gross Receipts (%)	Locality	Franchise Fee on Gross Receipts (%)
<b>Towns (continued)</b>			
Fries	3.0	Onancock	5.0
Front Royal	5.0	Pearisburg	5.0
Glade Spring	N/A	Pennington Gap	5.0
Glasgow	3.0	Rocky Mount	5.0
Gordonsville	N/A	Round Hill	5.0
Goshen	5.0	Rural Retreat	3.0
Gretna	5.0	Saint Paul	0.5
Hamilton	5.0	Scottsville	3.0
Herndon	5.0	Shenandoah	5.0
Hillsville	5.0	Smithfield	5.0
Hurt	3.0	South Boston	0.5
Iron Gate	3.0	Strasburg	3.0
Irvington	3.0	Tappahannock	4.0
Keller	3.0	Timberville	5.0
Kenbridge	3.0	Troutville	N/A
Keysville	3.0	Vienna	N/A
Kilmarnock	1.46	Vinton	5.0
La Crosse	1.0	Wakefield	3.0
Lawrenceville	N/A	Warrenton	5.0
Lebanon	3.0	Warsaw	3.0
Leesburg	5.0	Waverly	5.0
Lovettsville	5.0	West Point	5.0
Luray	5.0	Windsor	5.0
McKenney	5.0	Wise	5.0
Middleburg	5.0	Woodstock	5.0
Montross	2.0	Wytheville	3.0% on 1st \$65,300
Narrows	3.0		4.0% on next \$42,200
New Castle	3.0		6.0% on over \$98,500

N/A Not applicable