

Section 12

Cable Television System Franchise Fee, 2007

Beginning in January 2007 the Virginia Communications Sales and Use Tax eliminated several local taxes, including the cable television system franchise tax (§15.2.2108), the local E-911 fees on landline phone service, the business license taxes in excess of 0.5 percent gross revenues collected by several localities, the local consumer utility taxes on landline and wireless phones, the video programming excise tax (§58.1.3818.1) and the local consumer utility tax on cable television service (“grandfathered” in a few localities). These local taxes were replaced by a new state tax of 5 percent of the sales price of the service, which is remitted back to localities based on the percentage of local taxes the new state tax supersedes.

The cable television system franchise fee still exists in those localities with current contracts with cable operators. When those contracts expire, the localities will revert to the requirements of the state tax.

Table 12.1 presents the localities with franchise fee contracts that extend to the end of 2007 and beyond. It includes the current franchise fee charged by the locality, whether the locality has multiple cable providers, and whether the locality authorizes a BPOL tax on the cable franchisee. Ten cities reported having contract clauses that extended beyond 2007, while eight counties and seven towns did so. The median of the fees for all localities was 5.0 percent and two localities indicated that they had multiple cable providers or multiple contract end dates.



Table 12.1
Cable Television System Tax, 2007

Locality	Date Contract Clause Expires	Franchise Fee on Gross Receipts (%)	Multiple Cable Providers	Cable BPOL Tax
Cities (Note: All cities responded to the survey. Those that answered "not applicable" for all items in this table are excluded.)				
Alexandria	2009	3.0	No	No
Buena Vista	2010	5.0	No	Yes
Fairfax	2015/2020	5.0	No	Yes
Hampton	2010	5.0	No	Yes
Hopewell	2016	5.0	No	No
Manassas Park	2014	5.0	No	Yes
Martinsville	2009	5.0	No	Yes
Norfolk	2017	5.0	No	Yes
Norton	2023	3.0	No	No
Poquoson	2015	5.0	No	Yes
Counties (Note: All counties responded to the survey. Those that answered "not applicable" for all items are excluded.)				
Accomack	2014	5.0	No	No
Campbell	2015	N/A	No	Yes
Chesterfield	2018	5.0	No	Yes
Culpeper	2007	5.0	No	No
Fairfax	2013	5.0	Yes	Yes
Hanover	2012	5.0	No	No
Henrico	2013/2021	5.0	No	No
Richmond	Pending	3.0	No	No
Towns (Note: Towns that answered "not applicable" for all items in this table are excluded. For a listing of town respondents and non-respondents, see Appendix B.)				
Blacksburg	2009	5.0	No	Yes
Clarksville	2009	3.0	No	No
Culpeper	2009	5.0	No	No
Kenbridge	2009	3.0	No	No
Leesburg	2010	5.0	No	Yes
Rural Retreat	2019	3.0	No	No
Timberville	2012	5.0	No	No
Warrenton	2016	5.0	No	No