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CABLE FRANCHISE FEE – *NOT A TAX*

The FCC, the Financial Accounting Standards Board, the Courts and Local franchising authorities agree that franchise fees are RENTS:

1. Federal Communications Commission Local and State Advisory Committee: Advisory Recommendation No. 21 – May 3, 2000

“The Commission should reject arguments that franchise fees are “taxes”. A franchise fee is not a tax, but an expense of doing business that is essentially a form of rent.” City of Dallas v. F.C.C., 118F.3d 393, 397-398 (1997).

Franchise fees are the rent cable operators pay for use of rights of ways.

2. Financial Accounting Standards Board Statement of Financial Accounting Standards No.51:

“cable franchise fees are costs no different than the general managers salary, marketing costs and programming costs.”

3. United States Court of Appeals – Fifth Circuit – City of Dallas v. F.C.C.

“In sum, there can be no doubt that franchise fees imposed on the cable operator are part of a cable operators expense of doing business....”

4. Cable Television Agreement Between City of Las Vegas and Cox Communications Las Vegas, Inc.

Terms: Franchise – A non exclusive authorization granted to construct, operate and maintain a Cable System along public rights of ways.

Conditions: Franchise Fee – “(a) Payment to franchising authority as compensation for use of the public rights of ways, the Company shall pay to the franchising authority a franchise fee.

FRANCHISE FEES PAID BY CABLE TELEVISION OPERATORS ARE
NOT A TAX