

## **Office of Telecommunications & Regulatory Affairs**

### **Legislative and Regulatory Update – June 10, 2015**

#### **Cable/Video Issues:**

- The RFP for the Public Access TV management contract closed April 30. The five submitted proposals were evaluated June 5<sup>th</sup>. The Austin Film Society was selected as the vendor for the new management contract that will go to Council for approval in August with an effective date of October 1st.
- The contract to upgrade the studio lighting to LED will be presented to Council for approval at the August 6<sup>th</sup> meeting.
- The RFP for the equipment needed to upgrade the GAATN room to include transport of the three public access channels to City Hall and the hand-off of all seven PEG channels to Google Fiber closed May 7th. The contract will be developed for Council approval in August.

#### **CITY REGULATIONS**

##### **Wireless Regulatory Coordination**

TARA continues its coordination activities with affected departments to develop consistent policies on commercial wireless services including the fees associated with the various applications. Wireless cellular and Wi-Fi proposals are pending from Extenet, Crown Castle, AT&T, Verizon, and Google Fiber.

#### **STATE ACTIVITY:**

**None of the bills we were tracking that would negatively impact the City were passed during the session.**

#### **FEDERAL ACTIVITY:**

##### **Charter – Time Warner Merger-**

On May 26th, the two companies announced an agreement to a \$56 billion merger. Initial media reports indicate less regulatory opposition to the merger than was seen in the failed Comcast – Time Warner merger. If approved, the merged companies would have 17.4 million video subscribers and 20 million broadband subscribers, compared with Comcast who has 22.4 million video subscribers and 22 million broadband subscribers.

##### **AT&T – Direct TV Merger-**

The 180 day clock for the FCC to review the proposed merger has been stopped at 170 days, but even though the issues for the stoppage have been addressed, the clock has not been restarted. According to the Wall Street Journal, the FCC and Justice Department are almost finished with their reviews of the proposed merger and it appears that it does not face any serious government opposition. Completion of the merger could still take several more weeks.

### **S.698 Marketplace Fairness Act of 2015**

Senator Enzi (R-WY) introduced the bill March 10, 2015, to require remote sellers to collect and remit sales taxes for their sales transactions. The bill was read twice and referred to the Committee on Finance.

### **H.R. 734 & S 253: Federal Communications Commission Consolidated Reporting Act of 2015 - No recent developments**

H.R. 734 by Rep. Steve Scalise passed the House unanimously on February 24 and was referred to the Senate Committee on Commerce, Science, and Transportation February 25. S.253 by Sen. Dean Heller, is the Senate companion bill that was reported out of committee and is waiting for action by the full Senate. The bills would amend the Communications Act of 1934 to require the FCC to publish on its website and submit to Congress a biennial report on the state of the communications marketplace assessing: (1) competition, including intermodal, facilities-based, and new and emergent services competition and addressing the provision of content, as well as communications using the Internet; (2) deployment of communications capabilities, including whether advanced telecommunications capability is being deployed to all Americans in a reasonable and timely fashion; and (3) whether laws, regulations, or regulatory practices pose a barrier to competitive entry or expansion of existing providers of communications services.

### **CAP Act - S.1244 – No recent developments**

The Community Access Preservation (CAP) Act was reintroduced in the U.S. Senate by Senators Tammy Baldwin (WI) and Edward Markey (MA) May 7, 2015. It is now pending action in the Senate Committee on Commerce, Science, and Transportation.

### **Verizon – AOL Purchase – No recent developments**

Telecom giant Verizon announced May 12th it will be buying AOL for \$50 per share, or about \$4.4 billion. The purpose of the transaction is to expand Verizon's advertising presence, although AOL will represent about only one percent of the total Verizon corporation.

### **Net Neutrality –No recent developments**

On February 26, 2015, the FCC ruled in favor of net neutrality by reclassifying broadband access as a telecommunications service and thus applying Title II (common carrier) of the Communications Act of 1934 to Internet service providers.

Major Provisions of Title II that will apply to broadband providers:

- The proposed Order applies "core" provisions of Title II: Sections 201 and 202 (e.g., no "unjust and unreasonable practices"
- Allows investigation of consumer complaints under section 208 and related enforcement provisions, specifically sections 206, 207, 209, 216 and 217
- Protects consumer privacy under Section 222
- Ensures fair access to poles and conduits under Section 224, which would boost the deployment of new broadband networks
- Protects people with disabilities under Sections 225 and 255
- Bolsters universal service fund support for broadband service in the future through partial application of Section 254.

Major Provisions of Title II that are Subject to Forbearance (would not apply to broadband):

- the Order makes clear that broadband providers shall not be subject to tariffs or other form of rate approval, unbundling, or other forms of utility regulation
- Universal Service Contributions: the Order DOES NOT require broadband providers to contribute to the Universal Service Fund under Section 254

- The Order will not impose, suggest or authorize any new taxes or fees – there will be no automatic Universal Service fees applied and the congressional moratorium on Internet taxation applies to broadband.

On February 26, Angele A. Gilroy with the Congressional Research Service issued an extensive report on the Net Neutrality Debate that can be found at <http://fas.org/sgp/crs/misc/R40616.pdf>.

**H.R. 1212, - Internet Freedom Act – No recent developments**

Congressman Marsha Blackburn (R-TN), supported by Senator Thom Tillis (R-NC), has reintroduced legislation-- H.R. 1212, on February 26, 2015, the Internet Freedom Act, that would block the FCC's Net Neutrality rules by stating that they shall have no force or effect and prohibits the FCC from reissuing new Net Neutrality rules.

**H.R. 235 Internet Tax Freedom Act – No recent developments**

HR 235 was introduced by Rep Bob Goodlatte (R-Va) on 02/02/2015 and referred to the Subcommittee on Regulatory Reform, Commercial and Antitrust Law. S 431 was introduced by Sen. John Thune on 02/10/2015 and then referred to the Committee on Finance. The bills prohibit state and local governments from levying discriminatory taxes on Internet products and services.

**Wilson, NC and Chattanooga, TN FCC Petition to restore local broadband authority now prohibited by state law – No recent developments**

The Federal Communications Commission (FCC) on Feb. 26 approved petitions filed by the Electric Power Board of Chattanooga, Tennessee, and Wilson, North Carolina, to preempt state laws which prevent expansion of their networks. The petitions were approved on a 3-2 party-line vote. On March 20, Tennessee Attorney General Herbert Slatery filed a petition with the 6<sup>th</sup> U.S. Circuit Court of Appeals to overturn the FCC ruling.

**H.R. 1106: States' Rights Municipal Broadband Act of 2015 - No recent developments**

The bill, sponsored by Marsha Blackburn, (R-TN), would amend section 706 of the Telecommunications Act of 1996 to provide that such section does not authorize the Federal Communications Commission to preempt the laws of certain States relating to the regulation of municipal broadband. The bill has been referred to the House Energy and Commerce Communications and Technology.

**H.R. 279, - No recent developments**

On January 12, 2015, Rep. Bob Latta (R-Ohio) introduced H.R. 4752 to prevent the FCC from reclassifying broadband as, at least in part, a Title II common carrier service. The bill would define Internet access as an information service, and would not allow an information service to be classified as a common carrier. It has been referred to the House Committee on Energy and Commerce