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OPPOSE HB 1500

Proponents Claim It Will Bring Competition, Jobs and Economic Development, But At What Cost to Citizens, Municipalities and Counties?

- **HB 1500 does not ensure parity for low income households (See Section 21-1101(2))**
The bill states that video service providers shall not deny access to their services to any potential residential subscribers because of race or income. It further sets goals that at least 25 percent of of their customers in a local area must be low income households 3 years after the date they begin providing service and 30 percent after 5 years. HB 1500 does not, however, provide a mechanism to enforce compliance with these goals or “defenses” as they are called in the legislation. **Where can people who believe they have been refused service go to complain? HB 1500 does not address this question.** FYI: Existing local cable franchise agreements do. Similar legislation adopted in other states does as well.
- **HB 1500 does not ensure compliance with buildout provisions (See Section 21-1101(3))**
The proposed bill states that a video provider with more than 1,000,000 access lines shall provide access to its services to at least 25 percent of the households within its service area within 3 three years after the date it begins providing service and 40 percent within 6 years. HB 1500 does not, however, ensure compliance with these goals. **As a matter of public policy, how will the State, its citizens and its local governments know whether video service providers are meeting these buildout goals? HB 1500 does not address this question.** FYI: Similar legislation adopted recently in other states require video providers to file annual compliance reports with their public utility commissions (i.e. the Illinois Commerce Commission) and local governments.
- **HB 1500 gives video service providers eminent domain and condemnation powers (See Section 94)**
The State of Illinois adopted sweeping changes to its eminent domain laws in 2006. Here is the first attempt to weaken those changes. **Why should video service providers be given eminent domain and condemnation powers? They are private companies, not vital public utilities!** FYI: This provision is not included in similar legislation adopted in other states.
- **HB 1500 gives video providers access to property of all kinds (See Section 21-1201)**
A provision of the proposed bill states that property owners or others in possession or control of property shall not forbid video providers access to their property for the purposes of constructing, installing and maintaining their facilities. Properties included in this provision are residential buildings, improved or unimproved real estate, and property owned or in the possession of public utilities, railroads, or owners or operators of pipelines. **Why should the State of Illinois grant video service providers access to private property? They are private companies, not public utilities!** FYI: This provision is not included in similar legislation adopted in other states. **(OVER...)**

City of Chicago · DuPage Mayors and Managers Conference · Lake County Municipal League · McHenry County Council of Governments
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Southwest Conference of Mayors · West Central Municipal Conference · Will County Governmental League

- **HB 1500 provides no real customer service protection (See Section 21-501(1))**
The bill requires video service providers to comply with federal customer service regulations, but does not offer a mechanism to enforce compliance. **Where can customers go with complaints about their service? Who will ensure that video providers are indeed complying with the federal regulations? HB 1500 is silent on these points.** FYI: Other states that have passed statewide franchising laws vest this authority in either their public utility commission or their local governments as they already enforce compliance of federal standards for cable television services.
- **HB 1500 provides no real customer privacy protection (See Section 21-501(2))**
The proposed legislation also requires video service providers to comply with federal privacy protection regulations, but as with customer service rules, it does not ensure their compliance. **Where can citizens go to complain if they believe their rights to privacy are being compromised? HB 1500 does not address this.** FYI: Similar legislation adopted in other states does.
- **HB 1500 allows video providers to eliminate PEG channels (See Section 21-601)**
Video providers are allowed to re-claim any local public, education and government access programming that are not used for at least 8 hours per day of “non-repeat” programming for 3 consecutive months. Most PEG channels show repeats of city council/ village board meetings, school events and community events. These repeats would not count toward the requirement of this section. **Municipalities, counties and schools would no doubt see their PEG channels re-claimed by video providers to be programmed at their discretion.** FYI: Other states that have adopted similar legislation do not have a “non-repeat” provision or such high levels of programming requirements.
- **HB 1500 will harm municipal and county budgets (See Section 21-801(3))**
The definition of gross revenues that is used to calculate service provider and PEG fees in the proposed bill is narrower than what is used to calculate current cable television franchise fees. It does not include home shopping commissions, advertising compensations or late fees – all of which are included in existing cable franchise fees. It is important to note that most of the customers obtained by the newer video providers authorized under this bill will be former customers of incumbent cable television providers. **Therefore, most, if not all of the fees to be paid to local governments by the newer video providers under HB 1500 will replace existing franchise fees and not be new revenue. Employing a narrower definition of gross revenues will result in a net decrease in the fees paid to cities, villages and counties.**

The 272 Mayors of the Chicago region believe that the system of local franchising that has existed in the State of Illinois for many, many years works. Not only has it worked for our municipalities, but it has also worked for every natural gas utility, every electric utility, every cable company, every telecommunications company and, yes, every telephone company with which our towns have individual franchise agreements. In our view, there is no better method to manage the facilities these entities place either in under ground conduits or on above ground structures or utility poles and protect the health, safety and welfare of our citizens.

The Chicago area’s Mayors support competition in the video services market. We believe it can be achieved under the current franchising system if all parties are willing. However, if the General Assembly deems it necessary to authorize state franchising for video services, it should not be at the expense of low income households, property owners, customer service rights and consumer protection rights as is the case under HB 1500 in its current form.

WE URGE YOU TO VOTE “NO” ON HB 1500!