

Testimony of Ashley Luszczki (MSCC)  
In Opposition to L.D. 1967, An Act to Support Municipal Franchise Agreements  
Before the Energy, Utilities and Technology Committee  
October 25, 2023

Senator Lawrence, Representative Zeigler, and members of the Joint Standing Committee on Energy, Utilities and Technology: My name is Ashley Luszczki and I represent the Maine State Chamber of Commerce, a statewide organization that serves as the voice for more than 5,000 businesses. I am before you today to present testimony in opposition to L.D. 1967, *An Act to Support Municipal Franchise Agreements*.

The Maine State Chamber of Commerce has concerns with this legislation as we believe it broadens disparities among businesses while increasing costs.

First, streaming services owned or affiliated with a video service provider (VSP), as defined by the bill, that has infrastructure in the public right-of-way would be responsible for costs above and beyond franchise fees. Meanwhile, streaming services that are not affiliated with or owned by a company that has invested in Maine, would not be financially liable for additional costs; therefore, spending less and having the ability to charge their customers less. The Chamber supports regulatory policies that create parity among competitors, but this legislation would have the opposite effect, widening the playing field and punishing the very companies that have invested in Maine's infrastructure by making them less competitive.

Second, the Chamber is concerned with the increase in fees that this legislation would have on businesses and consumers. As outlined in the bill, VSP's would be responsible for costs associated with public, educational and governmental (PEG) access television facility equipment and technology upgrades that may not be needed. The bill says that VSP's shall carry PEG channels on a streaming service, which would be prohibitively expensive. Unlike current PEG channels that are made available only on the local cable television providers networks, streaming services are delivered everywhere there is an internet connection. The engineering and physical network construction needed to connect a PEG provider in Maine with a streaming service designed to be available anywhere in the U.S. is expensive and the costs will be borne by customers.

With the expanded obligations, cable tv customers that already contribute to local municipalities through franchise fees, will be faced with even larger bills. Many Mainers are experiencing economic challenges; now is not the time to pass a policy that would create an even greater economic hardship. It is also worth noting that the number of cable tv customers is on the decline. According to the Leichtman Research Group, "The nation's largest pay television providers lost 5.9 million customers in 2022, the largest drop on record". Causing a significant increase in fees, as this legislation will undoubtedly do, will make the companies who have invested here less competitive if more people turn away from traditional cable tv.

In closing, if L.D. 1967 passes, a VSP who has infrastructure in the right-of-way will have to enter into a franchise agreement with municipalities, cover additional technology costs, and carry PEG channels. This will increase the cost of doing business, disincentivize future infrastructure investments, and ultimately pass fees onto the consumer. For these reasons, the Chamber encourages you to vote against this legislation.

Thank you for your consideration.