



CITY OF HOUSTON

Sylvester Turner

Mayor

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March 21, 2022

The Honorable Charles Schwertner
Chairman, Senate Committee on Business and Commerce
SHB 370
Austin, TX 78701

Re: Senate Bill 1117 regarding certain entities that provide video services

Dear Chairman Schwertner and Senate Committee Members:

The City of Houston (“Houston”) appreciates this opportunity to share concerns about Senate Bill 1117 (“SB 1117”) before the Senate Committee on Business and Commerce.

Under Chapter 66 of the Texas Utilities Code (“Chapter 66”), video service providers must compensate municipalities for use of the public right-of-way. SB 1117 would effectively exempt video streaming service providers from such compensation by excluding them from the definition of video service providers.

- SB 1117 gives one type of video service providers – those that use streaming technology - an advantage over other types of video service providers and cable service providers, even though all of them benefit from the use of the public right-of-way.

Another concern is that by exempting an entity that uses the public right-of-way for its own benefit, SB 1117 is giving something of value to an association or private corporation, which is prohibited by Article XI, § 3 and Article III, §52a of the Texas Constitution.

The franchise fees which this bill eliminates apply to video programming services provided through wireline facilities that run through the public right-of-way. The companies providing these video programming services dig up roads and streets for ISP lines. A municipality expends considerable funds to maintain roads for drainage. This maintenance preserves and extends the life of such lines from water damage. Right-of-way franchise fees are critical to fund adequate right-of-way maintenance. This cost should be borne by all users of a municipality’s rights-of-way.

I appreciate the time and effort that you have put into the 88th Legislative session and respectfully urge you to carefully consider Houston’s comments. I look forward to working with you this legislative session.

Sincerely,

Handwritten signature of Arturo G. Michel in black ink.

Arturo G. Michel
Houston City Attorney