



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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This fiscal impact statement is produced in compliance with the South Carolina Code of Laws and House and Senate rules. The focus of the analysis is on governmental expenditure and revenue impacts and may not provide a comprehensive summary of the legislation.

Bill Number: H. 3782 Amended by House Labor, Commerce, and Industry on March 28, 2023
Author: West
Subject: Certificate of Franchise Authority - Video Service Definition
Requestor: House Labor, Commerce, and Industry
RFA Analyst(s): Bryant
Impact Date: March 28, 2023

Fiscal Impact Summary

This bill modifies the definitions of “cable service” and “video service”, as they relate to state-issued certificates of franchise authority, and the definition of “retail telecommunications service”, as it relates to municipal charges to telecommunications providers, to specifically state that they exclude video programming accessed via the Internet, including streaming video content, from those definitions.

This bill will have no expenditure impact on the Office of the Secretary of State. The bill clarifies that streaming services are not included in cable service or video service. Therefore, the bill will not impact franchising of these services as currently administered by the Secretary of State.

This bill as amended specifies that the changes to the definition of cable service and video service to exclude streaming content apply exclusively to Title 58. The Department of Revenue (DOR) reports that the bill as amended will not impact the determination of taxable receipts or state income tax revenues for streaming services since the bill restricts the definitional change to Title 58.

The Revenue and Fiscal Affairs Office (RFA) contacted all counties and the Municipal Association of South Carolina (MASC) regarding the potential impact on local government revenues from franchise fees. Based on discussions with a small number of responding counties and MASC, we do not anticipate that this bill will have a fiscal impact on local governments since the respondents report that they are not currently collecting franchise fees from internet-based services providing streaming video content.

Explanation of Fiscal Impact

Amended by House Labor, Commerce, and Industry on March 28, 2023

State Expenditure

This bill modifies the definitions of “cable service” and “video service”, as they relate to state-issued certificates of franchise authority. The bill specifies that for the purposes of Chapter 12, Title 58, “cable service” does not include video programming accessed via a service that enables

end users to access content, information, electronic mail, or other service offered over the Internet, including streaming video content. The bill also specifies that “video service” includes video programming services provided by a video service provider through wireline facilities located at least in part in the public rights of way and excludes video programming provided via direct-to-home satellite services as defined in 47 USC 303(v) and streaming video content from this definition.

The bill also modifies the definition of “retail telecommunications service”, as it relates to municipal charges to telecommunications providers, to exclude video programming accessed via a service that enables end users to access content, information, electronic mail, or other services offered over the Internet, including streaming video content. However, this exception does not include Voice over Internet Protocol service.

Secretary of State. This bill will have no expenditure impact on the Office of the Secretary of State. As the sole franchising authority, the Secretary of State is responsible for granting franchises for cable and video services. Therefore, the agency is not materially or fiscally affected by the provisions of the bill.

State Revenue

The definitions of cable service and video service in Section 58-12-300 are referenced in Section 12-6-2295 and used to determine gross receipts for these services with respect to allocation of income for state income tax purposes. The Department of Revenue (DOR) reports that the bill as amended will not impact the determination of taxable receipts or state tax revenues for streaming services since the bill restricts the definitional change to Title 58.

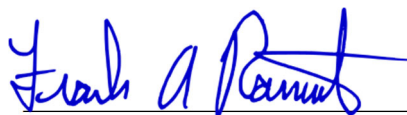
Local Expenditure

N/A

Local Revenue

This bill modifies the definitions of “cable service” and “video service”, as they relate to state-issued certificates of franchise authority, and the definition of “retail telecommunications service”, as it relates to municipal charges to telecommunications providers, to exclude video programming accessed via the Internet, including streaming video content.

RFA contacted all counties and MASC regarding the potential impact on local government revenues from franchise fees. Based on discussions with a small number of responding counties and MASC, we do not anticipate that this bill will have a fiscal impact on local governments since they report that they are not currently collecting franchise fees from internet-based services providing streaming video content.



Frank A. Rainwater, Executive Director