

## 97TH GENERAL ASSEMBLY State of Illinois 2011 and 2012 HB6256

by Rep. Rich Brauer

## SYNOPSIS AS INTRODUCED:

55 ILCS 5/5-1095 from Ch. 34, par. 5-1095 65 ILCS 5/11-42-11 from Ch. 24, par. 11-42-11

Amends the Counties Code and the Illinois Municipal Code. Eliminates the power of the County Board or corporate authorities of a municipality to tax the business of operating a community antenna television system. Denies home rule powers. Effective immediately.

LRB097 23511 AMC 72470 b

FISCAL NOTE ACT
MAY APPLY

HOME RULE NOTE ACT MAY APPLY

1 AN ACT concerning local government.

## Be it enacted by the People of the State of Illinois, represented in the General Assembly:

- Section 5. The Counties Code is amended by changing Section 5-1095 as follows:
- 6 (55 ILCS 5/5-1095) (from Ch. 34, par. 5-1095)
- Sec. 5-1095. Community antenna television systems; satellite transmitted television programming.
  - (a) The County Board may license or franchise, but may not, tax, or franchise the business of operating a community antenna television system or systems within the County and outside of a municipality, as defined in Section 1-1-2 of the Illinois Municipal Code. The changes made to this subsection (a) by this amendatory Act of the 97th General Assembly are a denial and limitation of home rule powers and functions under subsection (g) of Section 6 of Article VII of the Illinois Constitution.

When an area is annexed to a municipality, the annexing municipality shall thereby become the franchising authority with respect to that portion of any community antenna television system that, immediately before annexation, had provided cable television services within the annexed area under a franchise granted by the county, and the owner of that community antenna television system shall thereby be

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authorized to provide cable television services within the annexed area under the terms and provisions of the existing franchise. In that instance, the franchise shall remain in effect until, by its terms, it expires, except that any franchise fees payable under the franchise shall be payable only to the county for a period of 5 years or until, by its terms, the franchise expires, whichever occurs first. After the 5 year period, any franchise fees payable under the franchise shall be paid to the annexing municipality. In any instance in which a duly franchised community antenna television system is providing cable television services within the annexing the time of annexation, municipality at the annexing municipality may permit that franchisee to extend its community antenna television system to the annexed area under terms and conditions that are no more burdensome nor less favorable to that franchisee than those imposed under any community antenna television franchise applicable to the annexed area at the time of annexation. The authorization to extend cable television service to the annexed area and any community antenna television system authorized to provide cable television services within the annexed area at the time of annexation shall not be subject to the provisions of subsection (e) of this Section.

(b) "Community antenna television system" as used in this Section, means any facility which is constructed in whole or in part in, on, under or over any highway or other public place

and which is operated to perform for hire the service of receiving and amplifying the signals broadcast by one or more television stations and redistributing such signals by wire, cable or other means to members of the public who subscribe to such service except that such term does not include (i) any system which serves fewer than 50 subscribers or (ii) any system which serves only the residents of one or more apartment dwellings under common ownership, control or management, and commercial establishments located on the premises of such dwellings.

- (c) The authority hereby granted does not include the authority to license or franchise telephone companies subject to the jurisdiction of the Illinois Commerce Commission or the Federal Communications Commission in connection with furnishing circuits, wires, cables or other facilities to the operator of a community antenna television system.
- (c-1) Each franchise entered into by a county and a community antenna television system shall include the customer service and privacy standards and protections contained in Article XXII of the Public Utilities Act. A franchise may not contain different penalties or consumer service and privacy standards and protections. Each franchise entered into by a county and a community antenna television system before June 30, 2007 (the effective date of Public Act 95-9) shall be amended by this Section to incorporate the penalty provisions and customer service and privacy standards and protections

1 contained in Article XXII of the Public Utilities Act.

The County Board may, in the course of franchising such community antenna television system, grant to such franchisee the authority and the right and permission to use all public streets, rights of way, alleys, ways for public service facilities, parks, playgrounds, school grounds, or other public grounds, in which such county may have an interest, for the construction, installation, operation, maintenance, alteration, addition, extension or improvement of a community antenna television system.

Any charge imposed by a community antenna television system franchised pursuant to this Section for the raising or removal of cables or lines to permit passage on, to or from a street shall not exceed the reasonable costs of work reasonably necessary to safely permit such passage. Pursuant to subsections (h) and (i) of Section 6 of Article VII of the Constitution of the State of Illinois, the General Assembly declares the regulation of charges which may be imposed by community antenna television systems for the raising or removal of cables or lines to permit passage on, to or from streets is a power or function to be exercised exclusively by the State and not to be exercised or performed concurrently with the State by any unit of local government, including any home rule unit.

The County Board may, upon written request by the franchisee of a community antenna television system, exercise

its right of eminent domain solely for the purpose of granting an easement right no greater than 8 feet in width, extending no greater than 8 feet from any lot line for the purpose of extending cable across any parcel of property in the manner provided for by the law of eminent domain, provided, however, such franchisee deposits with the county sufficient security to pay all costs incurred by the county in the exercise of its right of eminent domain.

Except as specifically provided otherwise in this Section, this Section is not a limitation on any home rule county.

(d) The General Assembly finds and declares that satellite-transmitted television programming should be available to those who desire to subscribe to such programming and that decoding devices should be obtainable at reasonable prices by those who are unable to obtain satellite-transmitted television programming through duly franchised community antenna television systems.

In any instance in which a person is unable to obtain satellite-transmitted television programming through a duly franchised community antenna television system either because the municipality and county in which such person resides has not granted a franchise to operate and maintain a community antenna television system, or because the duly franchised community antenna television system operator does not make cable television services available to such person, any programming company that delivers satellite-transmitted

television programming in scrambled or encrypted form shall ensure that devices for decryption of such programming are made available to such person, through the local community antenna television operator or directly, for purchase or lease at prices reasonably related to the cost of manufacture and distribution of such devices.

(e) The General Assembly finds and declares that, in order to ensure that community antenna television services are provided in an orderly, competitive and economically sound manner, the best interests of the public will be served by the establishment of certain minimum standards and procedures for the granting of additional cable television franchises.

Subject to the provisions of this subsection, the authority granted under subsection (a) hereof shall include the authority to license, franchise and tax more than one cable operator to provide community antenna television services within the territorial limits of a single franchising authority. For purposes of this subsection (e), the term:

(i) "Existing cable television franchise" means a community antenna television franchise granted by a county which is in use at the time such county receives an application or request by another cable operator for a franchise to provide cable antenna television services within all or any portion of the territorial area which is or may be served under the existing cable television franchise.

- (ii) "Additional cable television franchise" means a franchise pursuant to which community antenna television services may be provided within the territorial areas, or any portion thereof, which may be served under an existing cable television franchise.
- (iii) "Franchising Authority" is defined as that term is defined under Section 602(9) of the Cable Communications Policy Act of 1984, Public Law 98-549.
- (iv) "Cable operator" is defined as that term is defined under Section 602(4) of the Cable Communications Policy Act of 1984, Public Law 98-549.
- Before granting an additional cable television franchise, the franchising authority shall:
  - (1) Give written notice to the owner or operator of any other community antenna television system franchised to serve all or any portion of the territorial area to be served by such additional cable television franchise, identifying the applicant for such additional franchise and specifying the date, time and place at which the franchising authority shall conduct public hearings to consider and determine whether such additional cable television franchise should be granted.
  - (2) Conduct a public hearing to determine the public need for such additional cable television franchise, the capacity of public rights-of-way to accommodate such additional community antenna television services, the

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potential disruption to existing users of public rights-of-way to be used by such additional franchise applicant to complete construction and to provide cable television services within the proposed franchise area, the long term economic impact of such additional cable television system within the community, and such other factors as the franchising authority shall deem appropriate.

- (3) Determine, based upon the foregoing factors, whether it is in the best interest of the county to grant such additional cable television franchise.
- (4) If the franchising authority shall determine that it is in the best interest of the county to do so, it may grant the additional cable television franchise. Except as provided in paragraph (5) of this subsection (e), no such additional cable television franchise shall be granted under terms or conditions more favorable or less burdensome to the applicant than those required under the existing cable television franchise, including but not limited to terms and conditions pertaining to the territorial extent of the franchise, system design, technical performance standards, construction schedules, performance bonds, standards for construction and installation of cable television facilities, service to subscribers, public educational governmental access and channels and programming, production assistance, liability and

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indemnification, and franchise fees.

(5) Unless the existing cable television franchise provides that any additional cable television franchise shall be subject to the same terms or substantially equivalent terms and conditions as those of the existing cable television franchise, the franchising authority may an additional cable television franchise under different terms and conditions than those of the existing franchise, in which event the franchising authority shall enter into good faith negotiations with the existing franchisee and shall, within 120 days after the effective date of the additional cable television franchise, modify the existing cable television franchise in a manner and to the extent necessary to ensure that neither the existing cable television franchise nor the additional television franchise, each considered in its entirety, provides a competitive advantage over the other, provided that prior to modifying the existing cable television franchise, the franchising authority shall have conducted a public hearing to consider the proposed modification. No modification in the terms and conditions of the existing cable television franchise shall obliqe the existing cable television franchisee (1) to make any additional payment to the franchising authority, including the payment of any additional franchise fee, (2) to engage in any additional construction of the existing cable television system or,

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(3) to modify the specifications or design of the existing cable television system; and the inclusion of the factors identified in items (2) and (3) shall not be considered in determining whether either franchise considered in its entirety, has a competitive advantage over the other except to the extent that the additional franchisee provides additional video or data services or the equipment or facilities necessary to generate and or carry such service. No modification in the terms and conditions of the existing cable television franchise shall be made if the existing cable television franchisee elects to continue to operate under all terms and conditions of the existing franchise.

If within the 120 day period the franchising authority and the existing cable television franchisee are unable to reach agreement on modifications to the existing cable television franchise, then the franchising authority shall modify the existing cable television franchise, effective 45 days thereafter, in a manner, and only to the extent, that the terms and conditions of the existing cable television franchise shall no longer impose any duty or obligation on the existing franchisee which is not also imposed under the additional cable television franchise; by the modification the existing however, if television franchisee is relieved of duties or obligations under the additional cable television imposed franchise, then within the same 45 days and following a

public hearing concerning modification of the additional cable television franchise within that 45 day period, the franchising authority shall modify the additional cable television franchise to the extent necessary to insure that neither the existing cable television franchise nor the additional cable television franchise, each considered in its entirety, shall have a competitive advantage over the other.

No county shall be subject to suit for damages based upon the county's determination to grant or its refusal to grant an additional cable television franchise, provided that a public hearing as herein provided has been held and the franchising authority has determined that it is in the best interest of the county to grant or refuse to grant such additional franchise, as the case may be.

It is declared to be the law of this State, pursuant to paragraphs (h) and (i) of Section 6 of Article VII of the Illinois Constitution, that the establishment of minimum standards and procedures for the granting of additional cable television franchises as provided in this subsection (e) is an exclusive State power and function that may not be exercised concurrently by a home rule unit.

23 (Source: P.A. 95-9, eff. 6-30-07; 95-876, eff. 8-21-08.)

Section 10. The Illinois Municipal Code is amended by changing Section 11-42-11 as follows:

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- 1 (65 ILCS 5/11-42-11) (from Ch. 24, par. 11-42-11)
- Sec. 11-42-11. Community antenna television systems;

  satellite transmitted television programming.
  - (a) The corporate authorities of each municipality may license or, franchise, but may not and tax, the business of operating a community antenna television system as hereinafter defined. In municipalities with less than 2,000,000 inhabitants, the corporate authorities may, under the limited circumstances set forth in this Section, own (or lease as lessee) and operate a community antenna television system; provided that a municipality may not acquire, construct, own, or operate a community antenna television system for the use or benefit of private consumers or users, and may not charge a fee for that consumption or use, unless the proposition to acquire, construct, own, or operate a cable antenna television system has been submitted to and approved by the electors of the municipality in accordance with subsection (f). Before acquiring, constructing, or commencing operation of community antenna television system, the municipality shall comply with the following:
    - (1) Give written notice to the owner or operator of any other community antenna television system franchised to serve all or any portion of the territorial area to be served by the municipality's community antenna television system, specifying the date, time, and place at which the

municipality shall conduct public hearings to consider and determine whether the municipality should acquire, construct, or commence operation of a community antenna television system. The public hearings shall be conducted at least 14 days after this notice is given.

- (2) Publish a notice of the hearing in 2 or more newspapers published in the county, city, village, incorporated town, or town, as the case may be. If there is no such newspaper, then notice shall be published in any 2 or more newspapers published in the county and having a general circulation throughout the community. The public hearings shall be conducted at least 14 days after this notice is given.
- (3) Conduct a public hearing to determine the means by which construction, maintenance, and operation of the system will be financed, including whether the use of tax revenues or other fees will be required.

The changes made to this subsection (a) by this amendatory

Act of the 97th General Assembly are a denial and limitation of

home rule powers and functions under subsection (g) of Section

6 of Article VII of the Illinois Constitution.

(b) The words "community antenna television system" shall mean any facility which is constructed in whole or in part in, on, under or over any highway or other public place and which is operated to perform for hire the service of receiving and amplifying the signals broadcast by one or more television

stations and redistributing such signals by wire, cable or other means to members of the public who subscribe to such service; except that such definition shall not include (i) any system which serves fewer than fifty subscribers, or (ii) any system which serves only the residents of one or more apartment dwellings under common ownership, control or management, and commercial establishments located on the premises of such dwellings.

- (c) The authority hereby granted does not include authority to license, franchise or tax telephone companies subject to jurisdiction of the Illinois Commerce Commission or the Federal Communications Commission in connection with the furnishing of circuits, wires, cables, and other facilities to the operator of a community antenna television system.
- (c-1) Each franchise entered into by a municipality and a community antenna television system shall include the customer service and privacy standards and protections contained in Article XXII of the Public Utilities Act. A franchise may not contain different penalties or consumer service and privacy standards and protections. Each franchise entered into by a municipality and a community antenna television system before June 30, 2007 (the effective date of Public Act 95-9) shall be amended by this Section to incorporate the penalty provisions and customer service and privacy standards and protections contained in Article XXII of the Public Utilities Act.

The corporate authorities of each municipality may, in the

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course of franchising such community antenna television system, grant to such franchisee the authority and the right and permission to use all public streets, rights of way, alleys, ways for public service facilities, parks, playgrounds, school grounds, or other public grounds, in which such municipality may have an interest, for the construction, installation, operation, maintenance, alteration, addition, extension or improvement of a community antenna television system.

Any charge imposed by a community antenna television system franchised pursuant to this Section for the raising or removal of cables or lines to permit passage on, to or from a street shall not exceed the reasonable costs of work reasonably necessary to safely permit such passage. Pursuant subsections (h) and (i) of Section 6 of Article VII of the Constitution of the State of Illinois, the General Assembly declares the regulation of charges which may be imposed by community antenna television systems for the raising or removal of cables or lines to permit passage on, to or from streets is a power or function to be exercised exclusively by the State and not to be exercised or performed concurrently with the State by any unit of local government, including any home rule unit.

The municipality may, upon written request by the franchisee of a community antenna television system, exercise its right of eminent domain solely for the purpose of granting

an easement right no greater than 8 feet in width, extending no greater than 8 feet from any lot line for the purpose of extending cable across any parcel of property in the manner provided by the law of eminent domain, provided, however, such franchisee deposits with the municipality sufficient security to pay all costs incurred by the municipality in the exercise of its right of eminent domain.

(d) The General Assembly finds and declares that satellite-transmitted television programming should be available to those who desire to subscribe to such programming and that decoding devices should be obtainable at reasonable prices by those who are unable to obtain satellite-transmitted television programming through duly franchised community antenna television systems.

In any instance in which a person is unable to obtain satellite-transmitted television programming through a duly franchised community antenna television system either because the municipality and county in which such person resides has not granted a franchise to operate and maintain a community antenna television system, or because the duly franchised community antenna television system operator does not make cable television services available to such person, any programming company that delivers satellite-transmitted television programming in scrambled or encrypted form shall ensure that devices for description of such programming are made available to such person, through the local community

antenna television operator or directly, for purchase or lease at prices reasonably related to the cost of manufacture and distribution of such devices.

(e) The General Assembly finds and declares that, in order to ensure that community antenna television services are provided in an orderly, competitive and economically sound manner, the best interests of the public will be served by the establishment of certain minimum standards and procedures for the granting of additional cable television franchises.

Subject to the provisions of this subsection, the authority granted under subsection (a) hereof shall include the authority to license, franchise and tax more than one cable operator to provide community antenna television services within the corporate limits of a single franchising authority. For purposes of this subsection (e), the term:

- (i) "Existing cable television franchise" means a community antenna television franchise granted by a municipality which is in use at the time such municipality receives an application or request by another cable operator for a franchise to provide cable antenna television services within all or any portion of the territorial area which is or may be served under the existing cable television franchise.
- (ii) "Additional cable television franchise" means a franchise pursuant to which community antenna television services may be provided within the territorial areas, or

any portion thereof, which may be served under an existing cable television franchise.

- (iii) "Franchising Authority" is defined as that term is defined under Section 602(9) of the Cable Communications Policy Act of 1984, Public Law 98-549, but does not include any municipality with a population of 1,000,000 or more.
- (iv) "Cable operator" is defined as that term is defined under Section 602(4) of the Cable Communications Policy Act of 1984, Public Law 98-549.

Before granting an additional cable television franchise, the franchising authority shall:

- (1) Give written notice to the owner or operator of any other community antenna television system franchised to serve all or any portion of the territorial area to be served by such additional cable television franchise, identifying the applicant for such additional franchise and specifying the date, time and place at which the franchising authority shall conduct public hearings to consider and determine whether such additional cable television franchise should be granted.
- (2) Conduct a public hearing to determine the public need for such additional cable television franchise, the capacity of public rights-of-way to accommodate such additional community antenna television services, the potential disruption to existing users of public rights-of-way to be used by such additional franchise

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applicant to complete construction and to provide cable television services within the proposed franchise area, the long term economic impact of such additional cable television system within the community, and such other factors as the franchising authority shall deem appropriate.

- (3) Determine, based upon the foregoing factors, whether it is in the best interest of the municipality to grant such additional cable television franchise.
- (4) If the franchising authority shall determine that it is in the best interest of the municipality to do so, it may grant the additional cable television franchise. Except as provided in paragraph (5) of this subsection (e), no such additional cable television franchise shall be granted under terms or conditions more favorable or less burdensome to the applicant than those required under the existing cable television franchise, including but not and conditions pertaining limited to terms to the territorial extent of the franchise, system design, technical performance standards, construction schedules, performance bonds, standards for construction and installation of cable television facilities, service to subscribers, public educational and governmental access channels and programming, production assistance, liability and indemnification, and franchise fees.
  - (5) Unless the existing cable television franchise

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provides that any additional cable television franchise shall be subject to the same terms or substantially equivalent terms and conditions as those of the existing cable television franchise, the franchising authority may additional cable television franchise under different terms and conditions than those of the existing franchise, in which event the franchising authority shall enter into good faith negotiations with the existing franchisee and shall, within 120 days after the effective date of the additional cable television franchise, modify the existing cable television franchise in a manner and to the extent necessary to ensure that neither the existing television franchise nor the additional television franchise, each considered in its entirety, provides a competitive advantage over the other, provided that prior to modifying the existing cable television franchise, the franchising authority shall have conducted a public hearing to consider the proposed modification. No modification in the terms and conditions of the existing cable television franchise shall oblige the existing cable television franchisee (1) to make any additional payment to the franchising authority, including the payment of any additional franchise fee, (2) to engage in any additional construction of the existing cable television system or, (3) to modify the specifications or design of the existing cable television system; and the inclusion of the factors

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identified in items (2) and (3) shall not be considered in determining whether either franchise considered in its entirety, has a competitive advantage over the other except to the extent that the additional franchisee provides additional video or data services or the equipment or facilities necessary to generate and or carry such service. No modification in the terms and conditions of the existing cable television franchise shall be made if the existing cable television franchisee elects to continue to operate under all terms and conditions of the existing franchise.

If within the 120 day period the franchising authority and the existing cable television franchisee are unable to reach agreement on modifications to the existing cable television franchise, then the franchising authority shall modify the existing cable television franchise, effective 45 days thereafter, in a manner, and only to the extent, that the terms and conditions of the existing cable television franchise shall no longer impose any duty or obligation on the existing franchisee which is not also imposed under the additional cable television franchise; however, if by the modification the existing television franchisee is relieved of duties or obligations cable imposed under the additional television franchise, then within the same 45 days and following a public hearing concerning modification of the additional cable television franchise within that 45 day period, the

franchising authority shall modify the additional cable television franchise to the extent necessary to insure that neither the existing cable television franchise nor the additional cable television franchise, each considered in its entirety, shall have a competitive advantage over the other.

No municipality shall be subject to suit for damages based upon the municipality's determination to grant or its refusal to grant an additional cable television franchise, provided that a public hearing as herein provided has been held and the franchising authority has determined that it is in the best interest of the municipality to grant or refuse to grant such additional franchise, as the case may be.

It is declared to be the law of this State, pursuant to paragraphs (h) and (i) of Section 6 of Article VII of the Illinois Constitution, that the establishment of minimum standards and procedures for the granting of additional cable television franchises by municipalities with a population less than 1,000,000 as provided in this subsection (e) is an exclusive State power and function that may not be exercised concurrently by a home rule unit.

(f) No municipality may acquire, construct, own, or operate a community antenna television system unless the corporate authorities adopt an ordinance. The ordinance must set forth the action proposed; describe the plant, equipment, and property to be acquired or constructed; and specifically

- describe the manner in which the construction, acquisition, and
- 2 operation of the system will be financed.
- 3 The ordinance may not take effect until the question of
- 4 acquiring, construction, owning, or operating a community
- 5 antenna television system has been submitted to the electors of
- 6 the municipality at a regular election and approved by a
- 7 majority of the electors voting on the question. The corporate
- 8 authorities must certify the question to the proper election
- 9 authority, which must submit the question at an election in
- 10 accordance with the Election Code.
- 11 The question must be submitted in substantially the
- 12 following form:
- 13 Shall the ordinance authorizing the municipality to
- 14 (insert action authorized by ordinance) take effect?
- 15 The votes must be recorded as "Yes" or "No".
- If a majority of electors voting on the question vote in
- 17 the affirmative, the ordinance shall take effect.
- Not more than 30 or less than 15 days before the date of
- 19 the referendum, the municipal clerk must publish the ordinance
- 20 at least once in one or more newspapers published in the
- 21 municipality or, if no newspaper is published in the
- 22 municipality, in one or more newspapers of general circulation
- 23 within the municipality.
- 24 (Source: P.A. 95-9, eff. 6-30-07; 95-876, eff. 8-21-08.)
- 25 Section 99. Effective date. This Act takes effect upon
- 26 becoming law.