

Brief

House Bill 3179

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INTRODUCTION

Telecommunications technology has been rapidly changing since the breakup of AT&T in 1984, producing products and services unforeseen by the courts. One of the major advances has been the convergence of voice, video and data services across all types of telecommunications media.

The regulation of telecommunications has not kept pace with the technological changes, resulting in regulatory inconsistency between various products and service providers. However, both state and federal regulators have updated regulations so that the market can better meet consumer demands.

A major trend in these updates has been the adoption of uniform rules that remove the technological and geographical disparities found in the old regulations. One result of this is that much of the regulatory activity that used to take place at the state level is now taking place at the federal level.

HB 3179 attempts to accomplish this same uniformity within the state when it comes to cable/video services. This much needed revision of state telecommunications regulation requires that all future cable/video franchises be granted at the state, rather than local, level. With content now being delivered using cable, satellite and internet protocol technologies, local franchising would needlessly delay the rollout of new services to consumers.

Unlike a previous version of the bill, HB 3179 no longer includes a build-out provision for new content providers. Instead, it ties Texas law to the federal law prohibiting cable providers from using income as a basis for selecting service areas.

This last provision has been attacked by 1) cable companies calling for a “level playing field,” that under local franchise agreements often had to build out their networks over entire cities, and 2) entities purporting to protect consumer interests, that are fearful of widening the so-called “digital divide.”

The truth is that the build-out requirements were agreed to by the cable companies in return for monopoly status that protected them from competition. New providers will not have this protection, and should not be forced to comply with these burdensome agreements. Requiring new technologies to be deployed based on outdated build-out agreements would make them more expensive and delay their delivery to all customers. The digital divide, then, would exist between Texans and those in other states which adopt better regulations. Adopting the federal regulations in Texas will allow service providers to deploy the technology more quickly by using marketing techniques to identify customers most eager to try new services.

POLICY RECOMMENDATIONS

- ◆ Provide for statewide, rather than local, franchising of cable/video services.
- ◆ Adopt federal standards for selecting service areas rather than imposing burdensome build-out requirements.
- ◆ Require local regulations to treat all content providers equally, regardless of technology.