

# GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2007

## Legislative Fiscal Note

**BILL NUMBER:** Senate Bill 1716 (First Edition)

**SHORT TITLE:** Supplemental PEG Support

**SPONSOR(S):** Senator Clodfelter

### FISCAL IMPACT

Yes ( )      No (X)      No Estimate Available ( )

FY 2008-09    FY 2009-10    FY 2010-11    FY 2011-12    FY 2012-13

#### REVENUES

No Fiscal Impact

\*See Assumptions and Methodology\*

#### EXPENDITURES

#### POSITIONS (cumulative):

#### PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED:

**EFFECTIVE DATE:** When the bill becomes law.

**BILL SUMMARY:** SB 1716 pertains to the distribution of supplemental public, educational and government (PEG) channel funding and does the following:

- Defines in the distribution statute what constitutes as a “qualifying” PEG channel. Under SB 1716, a PEG channel’s character-generated programming may not exceed 15 percent of eight hours of scheduled programming (roughly six hours and 45 minutes) rather than 15 percent of the total number of scheduled programming hours.
- Defines a PEG channel operator and requires a county or city to include the name of the PEG channel operator for each qualifying PEG channel it certifies. This change will ensure that the funds go to the operator of the PEG channel, even if the supplemental funding is distributed to multiple local governments.
- Requires a county or city to certify all qualifying PEG channels and to allocate the proceeds it receives equally among certified channels. The distribution to the PEG channels must be made within 30 days of the county or city's receipt of the supplemental funding.

Provides a method to account for revenues that are distributed in error. If it is determined that a county or city received a distribution in error, the county or city must submit a revised certification and return all funds received in error. Any funds returned will be added to the amount to be distributed in the following year as supplemental PEG funding.

**ASSUMPTIONS AND METHODOLOGY:** SB 1716 has no fiscal impact. The legislation clarifies the intent of the 2006 Video Programming Act with respect to PEG channel funding.

In 2006, the General Assembly enacted SL 2006-151, the Video Programming Act, a uniform tax structure for all forms of video programming. The act applied the combined general rate of sales tax to all video programming services and repealed the local authority to impose a local franchise tax. It preserved the local government revenue stream by distributing part of the sales tax revenues from telecommunications and video programming services to the counties and cities. The distribution formula is based upon the amount of cable franchise tax imposed during the first six months of fiscal year 2006-2007 plus any subscriber fees imposed during that same period.

Of the revenue distributed to local governments, two million dollars (\$2,000,000) a year is allocated for supplemental PEG channel support. The \$2,000,000 allocation is distributed to counties and cities with qualifying PEG channels. The annual amount per qualifying PEG channel is \$25,000. A county or city cannot receive supplemental PEG channel support for more than three PEG channels. The amount distributed to a county or city as supplemental PEG channel support must be used by it for the operation and support of PEG channels. If the amount to be distributed for qualifying PEG channels in a fiscal year is less than \$2,000,000, the Secretary must credit the excess amount to be distributed in subsequent years.

**SOURCES OF DATA:** None

**TECHNICAL CONSIDERATIONS:** None

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