



CITY OF HOUSTON

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City of Houston Testimony on Senate Bill 924

Before the Senate Business and Commerce Committee

March 18, 2025

Dear Committee Members:

The City of Houston (“Houston”) appreciates this opportunity to share its comments about Senate Bill 924 (SB 924), which is set for a hearing Tuesday, March 18, 2025, before the Senate Business and Commerce Committee.

SB 924 would allow video service and cable providers that use streaming technology to not compensate local governments for use of their public right of way by excluding video streaming from the definition of “video service” and “cable service”.

Cable and video service providers are required to pay right-of-way use fees to the municipality in which they operate. Video streaming uses cable, fiber, or other wireline facilities located in the public right-of-way in municipalities to deliver video programming services to customers. SB 924 would give video streaming service providers an advantage over video/cable service providers that use different, non-streaming technology by exempting video streaming services from right-of-way use fees. Both video streaming services and cable/video service providers benefit from the use of the right-of-way and as such should take responsibility for their share of using the right-of-way. The public right-of-way use fees are equivalent to easement leases, land leases, rent, and other ordinary costs of doing business. SB 924 proposes to allow video streaming services to skip out on their rent while other similarly-situated businesses must pay their costs.

By exempting an entity that uses the public right-of-way for its own benefit, SB 924 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. Allowing video service providers free use of the public right-of-way is a tax-payer subsidy for private, for-profit companies.

By taking away fees that should be going to cities, SB 924 deprives Houston from expanding and improving services for its residents. Houston continues to grow in population every year. While Houston’s budget may appear large, one has to consider the number of residents and businesses that the city covers and that this number continues to grow. The fees collected from cable/video providers contribute to the operating expenditures in the General Fund and continue to decrease annually. This bill exacerbates the impact of SB1152 which allows companies to pay for the use of the ROW for either video or telephone services, but not both, the

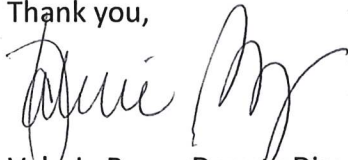
continued decline in cable customers due to cord-cutting and the increase of cable and video service companies' streaming services.

The General Fund funds services such as Police, Fire and Municipal Courts, Community Safety, Community Health Facilities, Public Works, Solid Waste, Planning and Parks and Recreations.

- The cable/video fees paid to the City in FY2024, totaling \$10.2M, are greater than the following fees collected from:
 - Municipal Courts Fines and Forfeits-Moving Violations, \$9.2M
 - Liquor Licenses and Burglar Alarm Permits, \$1.3M and \$8.7M, respectively
- The cable/video fees received by the City in FY2024 are the equivalent of:
 - 176 full time civilian employees;
 - 138 classified employees; or
 - 253 cadets.
 - A portion of the FY2024 general fund budget of the Department of Neighborhoods which indirectly provides maintenance and support of the City's right-of-way totals \$8.6M.

We appreciate your consideration and continued support.

Thank you,



Valerie Berry, Deputy Director
City of Houston – Franchise Administration