

**AMENDMENT TO THE AMENDMENT IN THE
NATURE OF A SUBSTITUTE
OFFERED BY _____**

At the end of subtitle D, add the following new chapter:

1 CHAPTER 4—OTHER MATTER

2 SEC. 3331. SALES OF CABLE SYSTEMS.

3 (a) IN GENERAL.—Section 627 of the Communica-
4 tions Act of 1934 (47 U.S.C. 547) is amended to read:

5 “SEC. 627. CONDITIONS OF SALE OR TRANSFER.

6 “(b) VALUE OF CABLE SYSTEM UPON SALE OR
7 TRANSFER.—

8 “(1) AFTER DENIAL OF FRANCHISE RE-
9 NEWAL.—If a renewal of a franchise held by a cable
10 operator is denied and the franchising authority ac-
11 quires ownership of the cable system or effects a
12 transfer of ownership of the system to another per-
13 son, any such acquisition or transfer shall be at fair
14 market value, determined on the basis of the cable
15 system valued as a going concern but with no value
16 allocated to the franchise itself.

17 “(2) AFTER REVOCATION OF FRANCHISE FOR
18 CAUSE.—If a franchise held by a cable operator is

1 revoked for cause and the franchising authority ac-
2 quires ownership of the cable system or effects a
3 transfer of ownership of the system to another per-
4 son, any such acquisition or transfer shall be at fair
5 market value.

6 “(c) LIMITATIONS ON AUTHORITY OF FRANCHISING
7 AUTHORITY WITH RESPECT TO TRANSFER OF FRAN-
8 CHISE.—

9 “(1) IN GENERAL.—A franchising authority
10 may not—

11 “(A) preclude a cable operator from trans-
12 ferring a franchise to a person to which such
13 franchise was not initially granted; or

14 “(B) require a cable operator to which a
15 franchise is initially granted to receive approval
16 from the franchising authority for the transfer
17 of such franchise to a person who to which such
18 franchise was not initially granted.

19 “(2) NOTIFICATION.—In the case of the trans-
20 fer of a franchise to a person to which such fran-
21 chise was not originally granted, a franchising au-
22 thority may require a cable operator to which a fran-
23 chise was initially granted to, not later than 15 days
24 after a transfer of a franchise, notify the franchising
25 authority in writing of such transfer.

1 “(3) TRANSFER DEFINED.—In this subsection,
2 the term ‘transfer’ means the assignment rights
3 under a franchise through any transaction, including
4 a merger, sale, assignment, restructuring, or trans-
5 fer of control of a cable operator or a cable sys-
6 tem.”.

7 (b) EFFECTIVE DATE.—This section, and the amend-
8 ments made by subsection (a), shall take effect 6 months
9 after the date of the enactment of this Act.

10 (c) APPLICATION.—This section, and the amendment
11 made by subsection (a), shall apply to a franchise grant-
12 ed—

13 (1) on or after the effective date established by
14 subsection (b); or

15 (2) before such date, if such franchise (includ-
16 ing any renewal term thereof) is in effect on such
17 date.

