

[DISCUSSION DRAFT]

118TH CONGRESS
1ST SESSION

H. R. _____

To amend the Communications Act of 1934 to prohibit franchising authorities from requiring approval for the sale of cable systems, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

M. _____ introduced the following bill; which was referred to the
Committee on _____

A BILL

To amend the Communications Act of 1934 to prohibit franchising authorities from requiring approval for the sale of cable systems, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Consumer Access to
5 Broadband for Local Economies and Competition Act” or
6 the “CABLE Competition Act”.

1 **SEC. 2. SALES OF CABLE SYSTEMS.**

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

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

6 “(a) 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
19 revoked for cause and the franchising authority ac-
20 quires ownership of the cable system or effects a
21 transfer of ownership of the system to another per-
22 son, any such acquisition or transfer shall be at fair
23 market value, determined on the basis of the cable
24 system valued as a going concern but with no value
25 allocated to the franchise itself.

1 “(b) LIMITATIONS ON AUTHORITY OF FRANCHISING
2 AUTHORITY WITH RESPECT TO TRANSFER OF FRAN-
3 CHISE.—

4 “(1) IN GENERAL.—A franchising authority
5 may not—

6 “(A) preclude a cable operator from trans-
7 ferring a franchise to any person to which such
8 franchise was not initially granted; or

9 “(B) require a cable operator to which a
10 franchise was initially granted to receive ap-
11 proval from the franchising authority for the
12 transfer of such franchise to a person who ac-
13 cepts all of the terms of the franchise in effect
14 for the cable operator at the time of the trans-
15 fer.

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

23 “(3) TRANSFER OF A FRANCHISE DEFINED.—
24 In this subsection, the term ‘transfer of a franchise’
25 means the transfer or assignment of any rights

1 under a franchise through any transaction, including
2 through—

3 “(A) a merger involving the cable operator
4 or cable system;

5 “(B) a sale of the cable operator or cable
6 system;

7 “(C) an assignment of the cable operator
8 or a cable system;

9 “(D) a restructuring of a cable operator or
10 a cable system; or

11 “(E) the transfer of control of a cable op-
12 erator or a cable system.”.

13 (b) EFFECTIVE DATE.—This section, and the amend-
14 ment made by subsection (a), shall take effect 6 months
15 after the date of the enactment of this Act.

16 (c) APPLICATION.—This section, and the amendment
17 made by subsection (a), shall apply to a franchise grant-
18 ed—

19 (1) on or after the effective date established by
20 subsection (b); or

21 (2) before such date, if—

22 (A) such franchise (including any renewal
23 term thereof) is in effect on such date; or

24 (B) such franchise is expired and cable op-
25 erator has continued to perform under the pro-

1 visions of such franchise as if such franchise
2 were not expired.