AB41: Digital Equity in Video Franchising Act of 2023

AB41, the Digital Equity in Video Franchising Act of 2023 (DEVFA) advances long overdue reforms to the 2006 California franchise law, known as DIVCA.

- **DIVCA has fallen short of all three of its principal goals: there is less competition than there was a decade ago, prices have remained steady or increased, and hundreds of thousands of Californians remain stranded on the wrong side of the digital divide.**

AB 41, DEFVA, makes three critical fixes to DIVCA:

Current law has no equal access requirement, and has only outdated anti-discrimination provisions.	**DEFVA establishes equal access as CA franchise law, along with appropriate and enforceable anti-discrimination requirements.**
Current law does not grant the Commission authority to establish service quality requirements or a mechanism for customer reportin of mistreatmentg.	**DEFVA directs the Commission to establish service quality requirements and a transparent complaint process, finally giving California customers a potential remedy if franchise holders are not meeting their obligations.**
Current law grants 10-year franchises with opaque and nearly automatic 10-year renewals with no public input.	**DEFVA establishes a robust and transparent application and renewal process that includes opportunities for input by the public and local governments.**

There is no quick fix to solve the digital divide, but these long overdue fixes California's outdated rules regarding cable franchises is a necessary step. **Cable companies are synonymous with broadband, a fact acknowledged by the cable lobby when it recently rebranded from CalCable to CalBroadband.**

AB41 DEVFA Misinformation versus Facts

Misinformation: Reforming DIVCA doesn't have anything to do with broadband access.	**Fact:** According to the CPUC's required annual DIVCA reports, which rely on information provided by state video franchise (SVF) holders and other internet service providers (ISPs): As of 2020, **97.7% of all broadband subscriptions in the state of California are through cable companies operating under DIVCA franchises** (11.3 million of 11.6 million broadband subscriptions in CA.) **Reforming franchise law is synonymous with reforming broadband access.** [Source: CPUC DIVCA 2020 Annual Report to the Governor and the Legislature]
Misinformation: Broadband is an increasingly competitive market.	**Fact:** **Competition has *decreased* under DIVCA.** At the end of 2008, 80% of CA households (more than 10 million) could choose between two or more broadband providers. By the end of 2019, that number had shrunk to 65% of CA households (8.5 million). [Source: CPUC Annual Reports to the Governor and the Legislature, 2007 - 2020]
Misinformation: The cost of broadband has steadily decreased.	**Fact:** **Broadband has gotten more expensive for California families under DIVCA.** While cable broadband providers often obscure the actual price they charge customers, analysis of legally mandated Securities and Exchange Commission filings demonstrate that, accounting for inflation and changes in the consumer price index, cable companies have increased their prices by as much as 157% since 2005, even as their profit margins have reached record levels. [Source: Investor relations Comcast, Charter]
Misinformation: Franchise holders can't afford to serve every household in their service area.	**Fact:** **California's largest franchise holders have reported record profits on broadband services in recent years, and at least one spent more money on stock buybacks than on infrastructure buildout.** Comcast reported $29.4 Billion profit on cable communications, "the highest full year adjusted EBITDA on record," and $13 Billion in stock buybacks in 2022. Charter reported $21.6 Billion profit in 2022 on $54 Billion in revenue. This includes $11.7 Billion in stock buybacks versus just $3 Billion *nationally* in line extensions. [Source: Investor relations Comcast, Charter]