

Video Service Provider Credits  
(Section 6(11) Video Franchise Act – PA 480 of 2006)

Section 6(11) of the Video Franchise Act states:

(11) A video service provider is entitled to a credit applied toward the fees due under subsection (1) for all funds allocated to the franchising entity from annual maintenance fees paid by the provider for use of public rights-of-way, minus any property tax credit allowed under section 8 of the metropolitan extension telecommunications rights-of-way oversight act, 2002 PA 48, MCL 484.3108. The credits shall be applied on a monthly pro rata basis beginning in the first month of each calendar year in which the franchising entity receives its allocation of funds. The credit allowed under this subsection shall be calculated by multiplying the number of linear feet occupied by the provider in the public rights-of-way of the franchising entity by the lesser of 5 cents or the amount assessed under the metropolitan extension telecommunications rights-of-way oversight act, 2002 PA 48, MCL 484.3101 to 484.3120. A video service provider is not eligible for a credit under this subsection unless the provider has taken all property tax credits allowed under the metropolitan extension telecommunications rights-of-way oversight act, 2002 PA 48, MCL 484.3101 to 484.3120.

The Service Quality Division of the Michigan Public Service Commission administers the Video Franchise Act and explains the application of Section 6(11) relating to how/when a provider is entitled to a Metro Act property tax credit toward local franchise fees as follows (paraphrased):

The METRO Act maintenance fees paid by a provider minus any METRO Act property tax credits taken on their property tax application forms submitted to the Michigan Department of Treasury is the amount that can be applied to section 6(11) of the Video Franchise Act. If the Commission has approved all of the METRO Act maintenance fees paid by the provider that amount can be applied as the METRO Act property tax credits to the provider's property tax forms. In most cases, the franchise fees minus the METRO Act tax credit is zero, thus there is no credit available to be applied. Unless a provider is not able to claim all of the property tax credit (or Treasury disallows any part), there would be no application of this section. Generally, all providers are allowed all of the METRO Act tax credits on their property tax application forms.

For example:

2011 METRO Act fees paid by provider XX =	\$15,000,000
Minus 2011 METRO Act Property Tax Credit	
Approved by the Commission	- <u>\$15,000,000</u>
Video Service Provider Credit	<u>\$0.00</u>

If, for some reason, a credit is due under Section 6(11) of the Video Franchise Act, the Service Quality Division will contact METRO Authority for information regarding the amount of linear footage reported by the provider within the franchising entities' public rights-of-way and the rate to use in calculating the credit.

The Service Quality Division contact person for Video Franchise Act questions is Mr. Ryan P. McAnany, (517) 241-6139.