



June 5, 2019

Senator Roger Wicker
Chairman, U.S. Senate Committee on
Commerce, Science, & Transportation
512 Dirksen Senate Office Building
Washington, D.C. 20510

Senator Maria Cantwell
Ranking Member, U.S. Senate Committee
on Commerce, Science, & Transportation
428 Hart Senate Office Building
Washington, D.C. 20510

**Re: June 5, 2019 Senate Committee on Commerce, Science, & Transportation
Hearing, “The State of the Television and Video Marketplace.”**

Dear Chairman Wicker and Ranking Member Cantwell:

Consumer Reports¹ appreciates the Committee’s consideration of the many consumer interests implicated in examining the video marketplace at today’s hearing. Also important to consider is the reauthorization of the STELAR Act (STELA Reauthorization Act of 2014). Important provisions of that law are set to expire at the end of this year, and Congress would be wise to not only extend, but improve the statute to better benefit consumers.

Dating back to the very first satellite television bill which permitted direct broadcast satellite (DBS) operators to offer “local-into-local” market channels to consumers, the Satellite Home Viewer Improvement Act of 1999,² and in every five-year reauthorization statute bearing a new acronym after that, Congress has attempted to deal with the problems consumers face in the video marketplace. Outside of those efforts, the several issues that

¹ Our advocacy work officially moved under the Consumer Reports (CR) banner starting last November. We were founded as the Consumers Union of America in 1936 and became known by millions of Americans for our award-winning magazine *Consumer Reports*. In recent years, our overall organization transitioned to the name Consumer Reports. Consumer Reports is an organization with more than six million members that advocates for a fair, safe, and transparent marketplace, fueled by our trusted research, journalism, and insights. We believe this integration of our advocacy work under the CR name will communicate the depth and breadth of our mission and values, and will help us make an even greater impact to advance the issues that matter to consumers and the world. We invite you to come see what we are doing at consumerreports.org/advocacy.

² Satellite Home Viewer Improvement Act of 1999, Pub L. No. 106-113, App. I.

plague consumers have not been addressed in a comprehensive manner since the 1992 Cable Act. That law introduced the retransmission consent regime and the basic tier buy-through requirement—where cable operators and consumers are more or less required to offer and purchase local broadcast channels, thus preventing any *à la carte* offering of those channels—both of which have been the source of so many consumer headaches. In any discussion of how to improve the video marketplace, the Committee must address how best to update this twenty-seven year-old law.

Rather than engaging in another quinquennial patchwork effort to deal with these broken provisions, Congress should embark upon a serious, bipartisan effort to rewrite the laws that govern ALL video offerings, including traditional cable and DBS offerings along with services provided by online video distributors (OVDs). Consumer Reports is aware of the recent work undertaken by House Representatives Anna Eshoo and Steve Scalise to introduce legislation to overhaul the rules underpinning the video marketplace, and we look forward to engaging with them and other Members of Congress to advance workable solutions that will benefit consumers far better than the current dysfunctional status quo.

Consumers Reports is on record stating that the retransmission consent regime is broken. Though cable and DBS operators endure rising retransmission consent fees, it is consumers who ultimately pay for these increases in the form of the now ubiquitous “broadcast TV fee”—a fee that accounts for billions of dollars of extra revenue for cable companies. And the price tag for this and other company-imposed fees is rising dramatically. For example, Charter Communications increased its “broadcast TV fee” not once, but twice, since last November, from \$8, to \$9, and now \$12 per month.³ Consumers are rightly furious to find that the advertised rate for cable service does not clearly include these fees and others that can dramatically raise the price of service. Antiquated rules passed into law more than a quarter century ago have set the stage for this consumer nightmare, and they must be revisited and changed where necessary.

³ Jon Brodtkin, *Charter Raises Sneaky ‘Broadcast TV’ Fee for Second Time In Four Months*, ArsTechnica (Feb. 6, 2019),

This is one of the many challenges facing consumers in today's video marketplace. We stand ready to work with you to craft viable and creative solutions—either as part of the STELAR Act reauthorization, the TRUE Fees Act (S. 510), or new legislation—that level the playing field for consumers in an increasingly expensive market.

Please do not hesitate to contact me with any questions.

Sincerely,

A handwritten signature in black ink, appearing to read 'JS' followed by a stylized flourish.

Jonathan Schwantes
Senior Policy Counsel

cc. Members of the U.S. Senate Committee on Commerce, Science, & Transportation