WASHINGTON (Reuters) - U.S. House Republicans on Monday offered legislation aimed at easing the path for telephone carriers like AT&T Inc. (NYSE:T - news) and Verizon Communications (NYSE:VZ - news) to enter the subscription television business.

The companies have complained that it would take them years to obtain the necessary licenses from thousands of local authorities to offer video service, which is aimed at competing with cable companies like Comcast Corp. (Nasdaq:CMCSA - news)

The House Energy and Commerce Committee plans to hold a hearing on the proposed legislation on Thursday. The panel's Republican leaders had tried to win support from the top Democrats on the committee, but failed.

"With new competitors preparing to enter the ongoing race between cable and satellite, the law needs to change," said House Energy and Commerce Committee Chairman Rep. Joe Barton (news, bio, voting record), a Texas Republican.

Telephone carriers have been pressing to get into the video business as the cable companies have been encroaching on the telephone and high-speed, broadband Internet service business.

The measure was also sponsored by Michigan Republican Rep. Fred Upton (news, bio, voting record) and Rep. Bobby Rush (news, bio, voting record), an Illinois Democrat.

Yet, the future of the legislation remains unclear.

Additionally, Senate Commerce Committee Chairman Ted Stevens, an Alaska Republican, has said he prefers a broader law that deals with additional issues such as overhauling the Universal Service Fund, which, in part, subsidizes communications services to rural and low-income areas.
The proposed House bill would allow video providers to obtain a national license, known as a franchise, and would permit local authorities to continue collecting up to 5 percent of gross revenue.

The proposal also would authorize the **Federal Communications Commission** to enforce principles it has issued that call on broadband Internet providers to permit consumers unfettered Internet access and allow them to run any Internet-based applications.

The FCC attached those as conditions for two years on two recent major telecommunications acquisitions: Verizon's purchase of MCI Inc.; and SBC Communications' purchase of AT&T Corp. which formed the new AT&T Inc.

Current cable operators would be eligible to receive a national franchise in areas where there is another competitor, according to the bill. The measure would also preserve state and local management of public rights-of-way.

A national franchise could be revoked in an area where video competition ceased for a year. The proposal also prohibits video providers that obtain a national franchise from denying service in an area because of the residents' income.

Some consumer groups and cable companies had expressed concerns in the past that new entrants would only build facilities to serve upper income areas.

The proposal won backing from the telephone industry and some support from the cable industry. It was panned by one consumer advocacy group that said the Internet language did not go far enough.

"The provisions will not stop the cable and telephone companies from degrading Internet traffic and they do not contain strong enough penalties to discourage misbehavior," said Gigi Sohn, president of Public Knowledge.

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