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NTIA Creates New \$1.5 Billion Consumer Equipment Market

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The National Telecommunication and Information Administration of the US Department of Commerce (“NTIA”) on March 13 created a new \$1.5 billion market for consumer set-top equipment designed to convert digital television signals to analog signals. Pursuant to the Digital Television Transition and Public Safety Act of 2005 Congress will require all television broadcast stations to cease operating on the analog channels they currently use and broadcast only digital signals.

The vast majority of the television sets currently in use in the United States can only receive analog signals. To ease the transition to an all-digital world, Congress created a \$1.5 billion consumer assistance fund which is being administered by NTIA. On March 13, 2007, NTIA issued its final rules for the fund administration (the “Coupon Program”). Under the Coupon Program, NTIA will issue, on a first come first served basis until the fund is exhausted, up to two \$40 coupons to each household in the United States. These \$40 coupons are to be redeemed for a set-top box that will convert the digital over-the-air television signal into a signal usable by analog television sets. NTIA expects these coupons to be redeemed for 33.5 million set-top boxes.

There are no set-top boxes currently commercially available that qualify for the \$40 coupon exchange. In order for the set-top box to qualify it must:

1. Cost less than \$40;
2. Be a stand alone device with specific and limited features;
3. Be able to convert any television broadcast in the digital television service into a format that the consumer can display on an analog television set;
4. Be available for sale by January 1, 2008;
5. Meet all FCC technical and radiation standards; and
6. Meet all NTIA performance and feature standards.

Womble Carlyle has created a manual for manufacturers of equipment intended for the Coupon Program which details the FCC and NTIA requirements the set-top boxes must meet to qualify for the program. If you would like further information please contact: Gregg Skall, former Chief Counsel of NTIA, at 202 857 4441 (gskall@wcsr.com); or Mark Palchick at 202 857 4411 (mpalchick@wcsr.com).