

BILL ANALYSIS

S.B. 1614
By: Perry
Ways & Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Revisions to the Tax Code are needed to clarify that certain existing franchise tax provisions applicable to "broadcasting" apply not only to free, over-the-air, local television broadcasters licensed by the FCC but also to similarly situated, free, over-the-air, local radio broadcasters licensed by the FCC. This clarification of law is consistent with current Tax Code provisions applicable to broadcasting and live and prerecorded television and radio programs that authorize FCC-licensed radio broadcasters to take cost of goods sold into consideration when calculating franchise tax liability. This clarification also helps ensure franchise tax consistency between radio and television broadcasters. S.B. 1614 seeks to address this issue by clarifying that provisions relating to a determination of cost of goods sold for franchise tax purposes apply to a taxable entity whose principal business activity is television or radio broadcasting under a television or radio broadcast license issued by the FCC.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

S.B. 1614 amends the Tax Code to clarify that the principal business activity of broadcasting, for purposes of determining the cost of goods sold for an entity subject to the franchise tax with that principal business activity, means television or radio broadcasting under a television or radio broadcast license issued by the FCC and regulated under federal regulations regarding radio broadcast services or experimental radio, auxiliary, special broadcast, and other program distributional services. The bill establishes that it is a clarification of existing law and does not imply that existing law may be construed as inconsistent with the bill's provisions.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2023.