

BILL ANALYSIS

Senate Research Center
88R20405 SRA-F

C.S.S.B. 1614
By: Perry
Finance
4/3/2023
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

S.B. 1614 confirms that certain existing franchise tax provisions applicable to "broadcasting" apply not only to free, over-the-air, local television broadcasters licensed by the Federal Communications Commission (FCC), but also to similarly situated, free, over-the-air, local FCC licensed radio broadcasters.

This clarification of law is consistent with current Tax Code provisions applicable to broadcasting and "live and prerecorded television and radio programs," that FCC-licensed radio broadcasters may 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.

(Original Author's/Sponsor's Statement of Intent)

C.S.S.B. 1614 amends current law relating to the computation of the cost of goods sold by television and radio broadcasters for purposes of the franchise tax.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 171.1012(o), Tax Code, as follows:

(o) Requires that the cost of goods sold for a taxable entity to be the costs described in Section 171.1012 (Determination of Cost of Goods Sold) in relation to the property and include depreciation, amortization, and other expenses directly related to the acquisition, production, or use of the property, including expenses for the right to broadcast or use the property if the taxable entity, including a taxable entity with respect to which cost of goods sold is determined pursuant to Section 171.1014(e)(1) (relating to requiring a combined group that elects to subtract costs of goods sold to determine that amount by determining the cost of goods sold for each of its members as if the member were an individual taxable entity), whose principal business activity is film or television production, television or radio broadcasting, or the distribution of tangible personal property described by Subsection (a)(3)(A)(ii) (relating to defining tangible personal property), or any combination of these activities, elects to subtract cost of goods sold. Defines "television or radio broadcasting." Makes a nonsubstantive change.

SECTION 2. Provides that the amendment made by this Act is a clarification of existing law and does not imply that existing law is authorized to be construed as inconsistent with the law as amended by this Act.

SECTION 3. Effective date: upon passage or September 1, 2023.