

# Interstate Broadcasters Update



Legislative Revenue Office  
November 2019

# Outline of presentation



Corporate Tax Terminology



Key Policy Questions



Current Court Cases



Industry Description



Possible Tax Policy Alternatives

# Selected Corporate Taxation Terms



**Nexus**

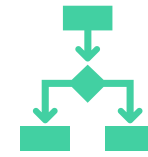


**Federal Taxable  
Income**



**Apportionment**

Oregon Sales  
U.S. Sales



**Special Cases**

# Very Brief Historical Context



Market sourcing effective with tax year 2018

# Key Policy Questions

- ▶ **Who is an interstate broadcaster?**
  - ▶ ORS 314.680(1) “Broadcasting” means the activity of transmitting **any one-way electronic signal** by radio waves, microwaves, wires, coaxial cables, wave guides or other conduits of communications.
- ▶ **How much of a broadcaster’s income is subject to apportionment?**
  - ▶ *Comcast*: all income (other than tangible personal property and real property)
- ▶ **What gives a company (economic) nexus?**

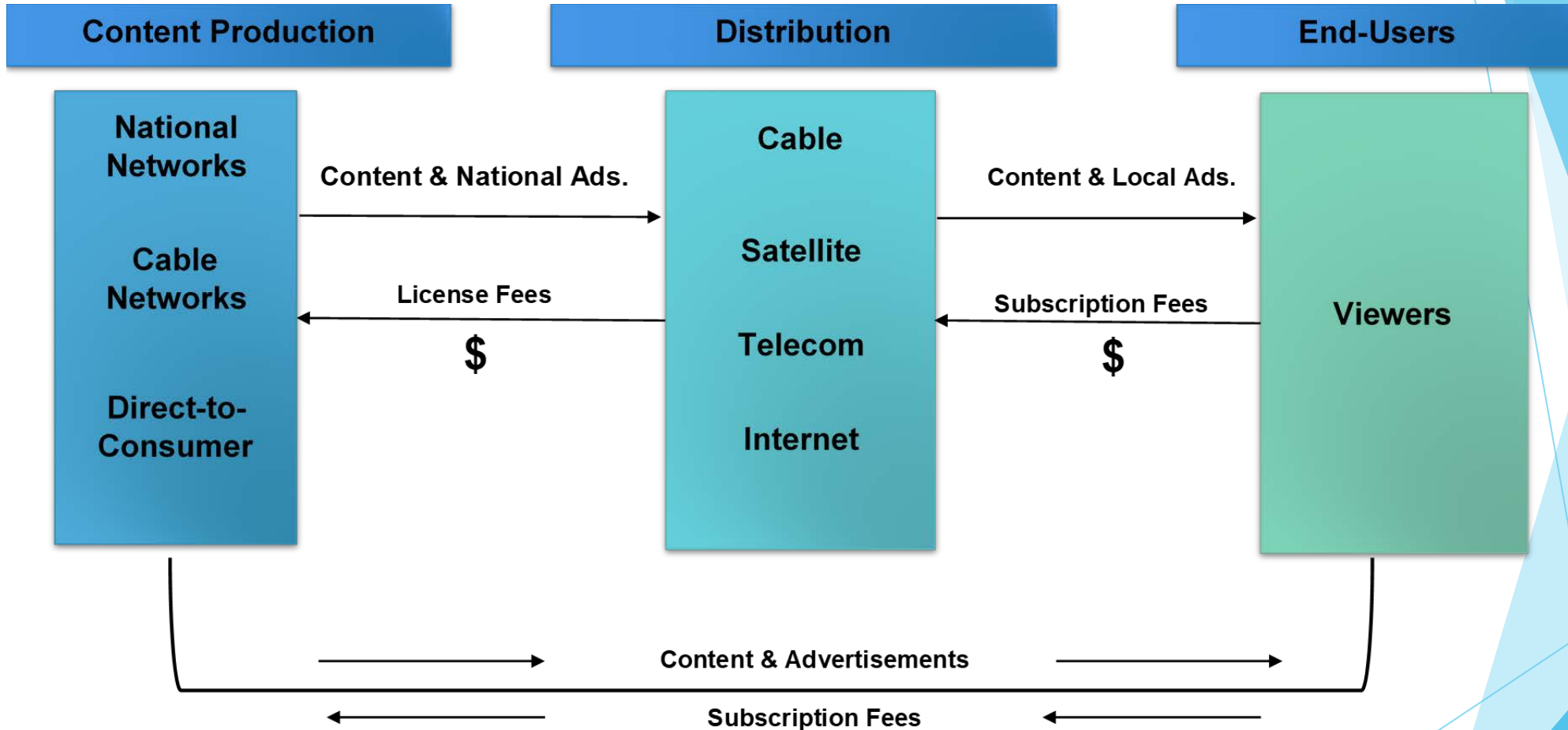
# Current Court Cases

- ▶ Process: DOR to Magistrate to Regular Div. Tax Court to Supreme Court

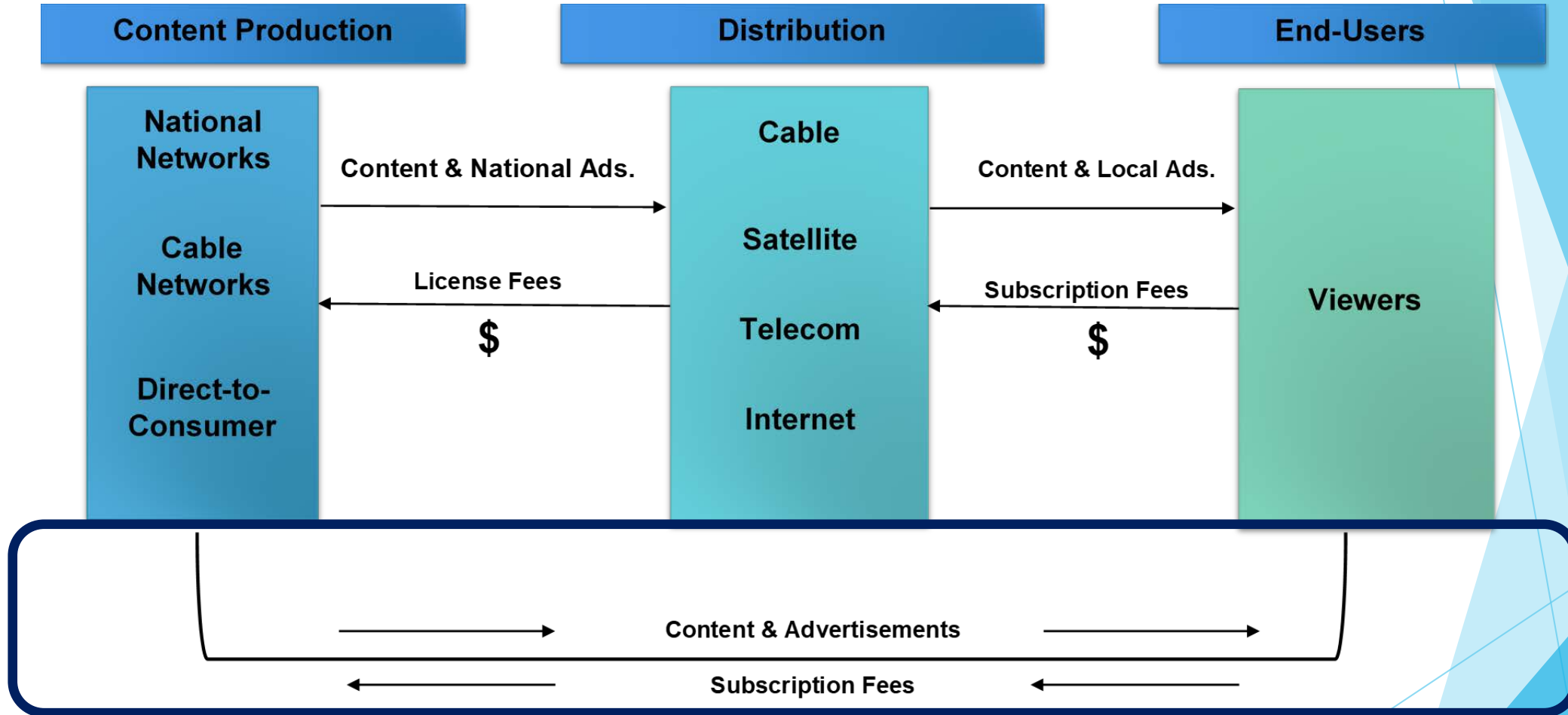
Issues	Frequency
Is company an Interstate Broadcaster?	6/7
Does the company have nexus?	5/7
Do apportionment provisions for broadcasters apply to all revenue sources?	3/7
Determination of the audience factor	3/7

- ▶ Timing of cases

# A Changing Industry- Present



# A Changing Industry- Future



▶ Demographic driven

▶ Industry consolidation



# Tax Policy Alternatives



Return to audience factor



Maintain commercial domicile



Market Based Sourcing

*Meaning of Market?*



Differentiate across revenue streams

*Licensing  
Advertising  
Subscriptions*

# Next Steps



**Finalize Report**



**Domicile sunsets  
Jan. 1, 2020**

*Tax Year 2020 would  
revert to audience  
apportionment in  
absence of legislation*



**Draft Bill for February Session**



# Questions?

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