

CHAPTER 86

INCOME TAX — BROADCASTERS — APPORTIONMENT OF GROSS RECEIPTS

S.F. 479

AN ACT concerning the apportionment of certain gross receipts of a broadcaster for purposes of Iowa income tax, and including retroactive applicability provisions.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section 422.33, subsection 2, paragraph a, subparagraph (2), Code 2015, is amended by adding the following new subparagraph division:

NEW SUBPARAGRAPH DIVISION. (0e) (i) Notwithstanding subparagraph division (c), where income is derived by a broadcaster from broadcasting, the part attributable to business within the state shall be in the proportion that the gross receipts from broadcasting derived from customers whose commercial domicile is in this state bears to the total gross receipts from broadcasting.

(ii) Notwithstanding subparagraph subdivision (i) or subparagraph division (c), where income is derived by a broadcaster from national or local political advertising that is directed exclusively at one or more markets in this state, all gross receipts from such advertising shall be attributable to business within the state.

(iii) For purposes of this subparagraph division:

(A) “*Broadcaster*” means a taxpayer who is engaged in the business of broadcasting. “*Broadcaster*” includes a television network, a cable program network, and a television distribution company. “*Broadcaster*” does not include a cable system operator, a direct broadcast satellite system operator, or a television or radio station licensed by the federal communications commission.

(B) “*Broadcasting*” means the transmission of film programming by an electronic or other signal conducted by microwaves, wires, lines, coaxial cables, wave guides, fiber optics, satellite transmissions, or through any other means of communication directly or indirectly to viewers and listeners.

(C) “*Customer*” means a person who has a direct contractual relationship with a broadcaster from whom the broadcaster derives gross receipts. “*Customer*” includes but is not limited to an advertiser or licensee.

(D) “*Gross receipts from broadcasting*” means gross receipts of a broadcaster from transactions and activities in the regular course of its business, including but not limited to advertising, licensing, and distribution, but excluding gross receipts from the sale of real property or tangible personal property.

Sec. 2. Section 422.33, subsection 2, paragraph a, subparagraph (2), subparagraph division (e), Code 2015, is amended to read as follows:

(e) Where income consists of more than one class of income as provided in subparagraph divisions (a) through (d) (0e) of this subparagraph, it shall be reasonably apportioned by the business activity ratio provided in rules adopted by the director.

Sec. 3. **RETROACTIVE APPLICABILITY.** This Act applies retroactively to January 1, 2015, for tax years beginning on or after that date.

Approved May 1, 2015