DIGEST

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Henry HB No. 632

Abstract: Provides the method of calculating the amount of gross apportionable income earned from broadcasting film and radio programming which is attributable to activity in La. and subject to corporation income and franchise tax.

Present law establishes the methods for attributing income to Louisiana for purposes of determining corporation income and franchise tax sales ratios of taxpayers who broadcast film and radio programming.

Present law provides definitions for purposes of proposed law.

Proposed law adds definitions for "commercial domicile" and "customer".

Present law provides the calculation used to determine the amount of gross apportionable income attributable to La. for a taxpayer broadcasting film or radio programming. The amount shall be determined by multiplying the total gross apportionable income by an audience factor, which is the ratio of the taxpayer's La. viewing or listening audience to the total viewing or listening audience.

Present law provides specifically for the calculation used for income of a cable television system or "other arrangement" under which viewers or listeners pay for the right to receive the broadcast. The audience factor is the ratio of that system's subscribers located in La. to the total subscribers of that system.

Proposed law retains present law and adds provisions specific to taxpayers which broadcast film and radio programming, but are not local television or radio stations, cable television systems, or satellite television systems, all of which are currently provided for in present law.

Proposed law provides the calculation used for such "other" taxpayers to determine the amount of gross apportionable income attributable to La. from broadcasting film or radio programming. The amount shall be determined by multiplying the total gross apportionable income by the ratio of income received from customers commercially domiciled in La. to income received from customers everywhere. Further, the amount of gross apportionable income attributable to La. resulting from use of the foregoing ratio shall not be less than 25% of the income that would be attributable to La. using the audience factor provided for in present law.

Provisions of proposed law are severable.

Provisions of proposed law are applicable to all corporate income tax periods beginning on or after Jan. 1, 2012, and for all corporation franchise tax periods beginning on or after Jan. 1, 2013.

(Amends R.S. 47:287.95(K) and 606(A)(1)(e))

Summary of Amendments Adopted by House

Committee Amendments Proposed by House Committee on Ways and Means to the original bill.

1. Reduced the minimum amount of gross apportionable income that would be attributed to La. using the audience factor ratio from 75% to 25%.

2. Added a severability clause.

3. Changes the effective date from taxable periods beginning on or after Jan. 1, 2012, to corporate income tax periods beginning on or after Jan. 1, 2012, and corporation franchise tax periods beginning on or after Jan. 1, 2013.