

**SUBJECT:** Creating a tax exemption for certain digital audio broadcasting equipment

**COMMITTEE:** Ways and Means — committee substitute recommended

**VOTE:** 9 ayes — D. Bonnen, Bohac, Button, Darby, Martinez Fischer, Murphy, Springer, C. Turner, Wray

0 nays

2 absent — Y. Davis, Parker

**WITNESSES:** For — Ben Downs, Texas Association of Broadcasters; Kevin Anderson; (*Registered, but did not testify:* Oscar Rodriguez, Texas Association of Broadcasters)

Against — None

**BACKGROUND:** Until 2010, the comptroller granted sales tax exemptions for digital transmission equipment purchased by radio stations. However, a decision from the State Office of Administrative Hearings found that this exemption had no basis in statute and originally had been granted for consistency after digital television equipment was exempted in 2001.

Many radio stations had already purchased digital transmission equipment before the 2010 decision and received the sales tax exemption. Those that did not purchase the equipment before the decision would not receive the exemption if they purchased the equipment today.

Digital broadcasting equipment serves a variety of public purposes, including emergency alerts. Digital radio is a method of mass communication in a disaster scenario and it is a significant improvement over AM radio reception.

**DIGEST:** CSHB 2507 would exempt from the sales tax equipment necessary to operate a digital audio broadcast station (such as a transmitter) if the purchaser was a licensee of an AM or FM radio station.

This bill would take effect September 1, 2015, and would not affect tax liability accruing before that date.

**NOTES:**

The Legislative Budget Board's fiscal note indicates that the bill would have a negative impact of \$140,000 on general revenue related funds through fiscal 2016-17.