



Tennessee Advisory Commission on Intergovernmental Relations

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Cable and Wireless Cable Services

June 1, 1984

Public Chapter 13 Acts of 1984 imposes tax on amusements

- ❖ All charges for cable television services above the basic or lowest charge is subject to tax
- ❖ Rule 1.27 provides “basic television services” includes
 - local channels, advertising supported channels, access information channels, and home shopping channels
 - does not include premium and pay-per-view channels

Video Programming Services

July 1, 1999

Public Chapter 423 Acts of 1999 impose tax on

❖ **Video programming services** mean programming provided by or generally considered comparable to programming provided by a television broadcast station

❖ Includes

- **cable** – provider authorized under title 7, chapter 59
- **wireless cable** - multipoint distribution service /multichannel multipoint distribution service
- **broadband television programming** - provided in part, through wireline facilities located in the public right-of-way (telephone lines)

Tenn. Code Ann. §§ 67-6-226, 67-6-102(97) & 67-6-103(f)

Video Programming Services

❖ Does not include:

- Digital products transferred electronically
- Direct-to-home satellite TV programming services
- Audio and video programming services provided by a commercial mobile service provider 47 U.S.C. Sec.322(d)
- Audio and video programming services provided as part of, or incidental to Internet access, such as but not limited to video capable email, provided that such services are not generally considered comparable to programming provided by a television broadcast station

Video Programming Services

Monthly billing -

- \$0 - \$15.00 – exempt from state tax
- \$15.00 - \$27.50 – 8.25% state tax
- \$0 - \$27.50 – exempt from local tax
- Above \$27.50 – 7% state tax plus applicable local tax

Satellite Television Services

June 9, 1994

- ❖ Satellite television services subjected to tax as interstate telecommunications service.
- ❖ Satellite television services were not exempt as television services broadcast for public consumption.
- ❖ HBO Direct, Inc. v. Johnson, No. 01A01-9804-CH-00221, 1999 WL 452317 (Tenn. Ct. App. July 1, 1999)

Direct-to-Home Satellite

- ❖ Federal Telecommunications Act of 1996 defines

Direct-to-home satellite services - programming transmitted or broadcast by satellite directly to the subscribers' premises without the use of ground receiving or distribution equipment, except at the subscribers' premises or in the uplink process to the satellite

- ❖ Federal Telecommunications Act of 1996 prohibits local tax or fees on direct-to-home satellite services

Direct-to-Home Satellite

July 1, 1999

Public Chapter 423 Acts of 1999 imposes tax on

- ❖ Subscriptions to, access to or use of direct-to-home satellite television service delivered by a provider of direct-to-home satellite is subject to sales tax
- ❖ Subject to 8.25% state tax and distributed to state fund
- ❖ First \$15.00 exemption **does not** apply to direct-to-home satellite services

Tenn. Code Ann. § 67-6-227

Specified Digital Products

January 1, 2009

Public Chapter 1106 Acts of 2009 adopted Streamlined Agreement digital definitions and imposed sales and use tax

- ❖ **Specified digital products** include electronically transferred digital audio visual works, digital audio works, and digital books.
- ❖ **Electronically transferred** includes electronically transferred to or accessed and not provided on tangible storage medium (downloading or streaming online)
- ❖ Does not include video programming services or direct-to-home satellite services

Specified Digital Products

- ❖ **Digital Audio-Visual Works** is a series of related images which, when shown in succession, impart and impression of motion, together with accompanying sounds, if any, including
 - motion pictures, music videos, news programs, entertainment programs, and live events
- ❖ Specified digital products subject to tax include products sold with rights of
 - permanent use,
 - less than permanent use. or
 - by subscription

Specified Digital Products

- ❖ Tax applies to sales of specified digital products to purchasers or subscribers with a Tennessee residential or business street address
- ❖ Subject to 7% state tax rate plus a 2.5% standard local tax rate.
- ❖ Local tax is distributed to locals based on a formula

Questions?

