

## Department of Taxation

**Regulation Title: RADIO AND TELEVISION BROADCASTING**  
**VAC Number: 23 VAC 10-210-3030**

- 1. Statement identifying and describing the source of the state and/or federal legal authority to promulgate the contemplated regulation, the scope of the authority provided, and the extent to which the authorized rulemaking is mandatory or discretionary, together with an attached copy of all cited legal provisions;**

Section 58.1-203 of the Code of Virginia authorizes the Commissioner of the Department of Taxation to promulgate regulations related to the interpretation and enforcement of the laws of the Commonwealth governing taxes administered by the department.

- 2. Statement delineating the potential issues to be addressed in the proposed regulation;**

The regulation explains the exemption from the sales and use tax for equipment used directly in radio and television broadcasting, and equipment used by cable television systems in broadcasting, amplification, transmission and distribution. The exemption applies only to equipment and accessories used in disseminating radio and television signals into the air or reception by the general public.

- 3. Statement setting forth the reasoning by which the agency has concluded that the contemplated regulation is essential to protect the health, safety or welfare of citizens or for the efficient and economical performance of an important governmental function, including a discussion of the problems the regulations are intended to solve;**

This regulation is essential to explain the various administrative and court case decisions that have served to shape the sales tax exemption for broadcasting equipment. Questions frequently arise over the tax status of various equipment used by radio, traditional television stations and cable televisions systems. The statutory provision is insufficient to provide the specific guidance required by the industry and department personnel.

- 4. Statement describing the process by which the agency has considered, or will consider, less burdensome and less intrusive alternatives for achieving the essential purpose, the alternatives considered or to be considered, and the reasoning by which the agency has rejected any of the alternatives considered.**

Alternatives which would achieve the essential purpose for which the regulatory action is recommended have been considered; however, it is recommended that a regulation is necessary to ensure an accurate understanding of the statutory exemption by both the

industry and department personnel, to promote voluntary compliance with the law, and to serve as a vehicle to uphold the department's policy in court in the event of litigation.