Local Option Sales and Use Tax - Taxability of direct-to-home satellite programming. DIRECT-TO-HOME SATELLITE PROGRAMMING INCLUDES PROGRAMMING THAT IS TRANSMITTED OR BROADCAST DIRECTLY TO THE SUBSCRIBER’S BUSINESS OR COMMERCIAL PREMISES, AND THE LOCAL OPTION SALES AND USE TAX DOES NOT APPLY TO SUCH PROGRAMMING.

Advice has been requested as to whether the term “direct-to-home” as used in the Federal Telecommunications Act of 1996, P. L. 104-104 includes programming that is transmitted or broadcast directly to a subscriber’s business or commercial premises.

The Federal Telecommunications Act of 1996 prohibits local jurisdictions from imposing any local sales and use tax on direct-to-home satellite programming transmitted or broadcast by satellite directly to the subscriber’s premises. The proper definition of “premises” means any residential, business, or commercial premises.

The provision of Local Option Sales and Use Tax Regulation 9-011.01C which states that charges for satellite programming transmitted to a business or commercial customer are subject to local option sales and use tax is not correct and will not be applied to any periods. All other provisions of Local Option Sales and Use Tax Regulation 9-011 remain in effect.

APPROVED:

Mary J. Egr Edson
State Tax Commissioner

May 31, 2006