

CITY OF OAKLAND

OFFICE OF FINANCE

REVENUE DIVISION

DIRECTOR OF FINANCE RULING NO. 7

APPORTIONMENT OF GROSS RECEIPT OF RADIO AND
TELEVISION BROADCASTING COMPANIES

Reference: Section 5-1.02(d), 5-1.41, 5-1.55 and 5-1.56 of the Oakland Municipal Code.

Purpose

Establishes guidelines for the apportionment of gross receipts of radio and television broadcast companies conducting business activity from a fixed location within the City of Oakland.

BACKGROUND

In 1988 the City conducted a review of its business classifications and found that there was no classification in the Business Tax Ordinance that corresponded to the business activity of certain businesses, therefore, the businesses were classified under a "Miscellaneous" category. The City of Oakland, in its continuing effort to provide for the proper classification and taxation of businesses operating within the City of Oakland added SECTION 5-1.41 MEDIA FIRMS to the Oakland Municipal Code.

The City of Oakland, recognizing that not all the revenues (gross receipts) of radio and television broadcast companies are generated from business activities that take place solely within its City limits, and to overcome any Constitutional objections, set forth the following ruling:

RULING OF THE DIRECTOR OF FINANCE

For the purposes of the media tax category (Section 5-1.41), the gross receipts of broadcasters taxable in such category shall be apportioned in accordance with Section 5-1.55 (Saving Clause) and Section 5-1.56 (Apportionment) as follows:

- i. The portion of gross receipts attributable to the City of Oakland shall equal the proportion of broadcast reception households within the City of Oakland as compared to broadcast reception households in a broadcaster's total service area, as established by independent surveys, and 100% of such gross receipts attributable to the City of Oakland shall be taxable, and included in the taxpayer's tax base, and the remainder of such gross receipts shall be deemed attributable to outside of the City of Oakland

(30% of which shall be taxable, and included in the taxpayer's tax base, in accordance with the City's general apportionment regulation, if applicable, for business, personal, professional and semi-professional services);

- ii. Barter transactions in broadcast air time (whereby a network or program supplier is provided broadcast air time for advertising sold by or for the supplier for its own account) shall not be included in a broadcast station's gross receipts; and
- iii. Commissions and other retentions of advertising or representatives shall not be included in gross receipts.