

COMMUNITY MEDIA REINVESTMENT ACT

WHAT. The Community Media Reinvestment Act will impose an excise tax on entities providing (1) direct broadcast satellite service or (2) video streaming services other than cable service (as defined by the federal Cable Act) to customers or subscribers in New York State. This excise tax—which mirrors the 5% franchise fee imposed on cable television operators—consists of a 5% tax on the gross receipts that direct broadcast satellite service providers or video streaming service providers derive from providing video programming to New Yorkers.

The Act also creates a Community Media Reinvestment Fund, in the joint custody of the Commissioner of Taxation and Finance and the Comptroller, where the revenue collected from this tax will be deposited. The Commissioner may retain up to 10% of the money in the fund, each year, for operating expenses.

WHY. The legislation will ensure that, as video programming viewership expands and migrates from traditional cable services to satellite and video streaming services, that migration does not result in reduced support for and investment in local video programming responsive to the unique needs and interests of New Yorkers, including public, educational, or governmental access television programming.

WHO IS TAXED. Entities providing direct broadcast satellite services or video streaming services (such as Netflix and Hulu). Governmental entities and non-profit entities exempt from paying New York sales and use tax are exempt from the tax.

HOW IS THE FUND MONEY ALLOCATED. The money collected in the Community Media Reinvestment Fund will be disbursed as follows:

- **STATE:** 20% of revenues collected—less operating expenses—will be disbursed to the State General Fund.
- **MUNICIPALITIES:** 40% of revenues collected will be disbursed to municipalities in the state, allocated among them proportionally based on population.
- **COMMUNITY MEDIA CENTERS:** 40% of revenues collected will be disbursed to entities responsible for operating and administering public, educational, and/or governmental access channels in the state (“community media centers”), or, if no community media center has been identified in a given municipality, to the organization or organizations serving that municipality identified by the New York State Council on the Arts to receive distributions from the Community Media Reinvestment Fund, allocated among them proportionally based on the population of the municipality or municipalities served by each such identified organization.

WHEN. If passed this year, the Act would take effect immediately and apply to taxable years beginning on and after January 1, 2024.