

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 3957
OFFERED BY MR. BUTTERFIELD OF NORTH
CAROLINA**

Strike all after the enacting clause and insert the following:

1 SECTION 1. SHORT TITLE.

2 This Act may be cited as the “Expanding Broadcast
3 Ownership Opportunities Act of 2020”.

4 SEC. 2. FINDINGS.

5 Congress finds the following:

6 (1) One of the main missions of the Federal
7 Communications Commission, and a compelling gov-
8 ernmental interest, is to ensure that there is a diver-
9 sity of ownership and viewpoints in the broadcasting
10 industry.

11 (2) The Commission should continue to collect
12 relevant data and conduct studies on such diversity,
13 adopt improvements to the data collection and stud-
14 ies, and make appropriate recommendations to Con-
15 gress on how to increase the number of minority-
16 and women-owned broadcast stations.

1 (3) Data from 2017 shows that, of the nearly
2 1,700 full-power commercial broadcast television sta-
3 tions in the United States, less than 6 percent are
4 owned by women, and less than 3 percent are minor-
5 ity-owned. With respect to the nearly 5,500 full-
6 power commercial broadcast radio stations, women
7 owned approximately 7 percent of FM broadcast
8 radio stations, and minorities owned less than 3 per-
9 cent of such stations.

10 (4) Women and minority ownership is 5 to 10
11 times higher in other industries than in the broad-
12 casting industry.

13 (5) During the 17 years that a minority tax
14 certificate program was in place at the Commission
15 (from 1978 to 1995), the Commission issued 287
16 certificates for radio stations and 40 certificates for
17 television stations.

18 **SEC. 3. FCC REPORTS TO CONGRESS.**

19 (a) BIENNIAL REPORT CONTAINING RECOMMENDA-
20 TIONS FOR INCREASING NUMBER OF MINORITY- AND
21 WOMEN-OWNED BROADCAST STATIONS.—Not later than
22 180 days after the date of the enactment of this Act, and
23 not less frequently than every 2 years thereafter, the Com-
24 mission shall submit to Congress a report containing rec-
25 ommendations for how to increase the total number of

1 broadcast stations that are owned or controlled by mem-
2 bers of minority groups or women, or by both members
3 of minority groups and women.

4 (b) BIENNIAL REPORT ON NUMBER OF MINORITY-
5 AND WOMEN-OWNED BROADCAST STATIONS.—Not later
6 than 180 days after the date of the enactment of this Act,
7 and not less frequently than every 2 years thereafter, the
8 Commission shall submit to Congress a report that states
9 the total number of broadcast stations that are owned or
10 controlled by members of minority groups or women, or
11 by both members of minority groups and women.

12 **SEC. 4. TAX CERTIFICATE PROGRAM FOR BROADCAST STA-**
13 **TION TRANSACTIONS FURTHERING OWNER-**
14 **SHIP BY SOCIALLY DISADVANTAGED INDIVID-**
15 **UALS.**

16 (a) REQUIREMENTS FOR ISSUANCE OF CERTIFICATE
17 BY FCC.—

18 (1) IN GENERAL.—Part I of title III of the
19 Communications Act of 1934 (47 U.S.C. 301 et
20 seq.) is amended by adding at the end the following:

1 **“SEC. 344. TAX CERTIFICATE PROGRAM FOR BROADCAST**
2 **STATION TRANSACTIONS FURTHERING OWN-**
3 **ERSHIP BY SOCIALLY DISADVANTAGED INDI-**
4 **VIDUALS.**

5 “(a) ISSUANCE OF CERTIFICATE BY COMMISSION.—
6 Upon application by a person who engages in a sale of
7 an interest in a broadcast station described in subsection
8 (b), subject to the rules adopted by the Commission under
9 subsection (c), the Commission shall issue to such person
10 a certificate stating that such sale meets the requirements
11 of this section.

12 “(b) SALES DESCRIBED.—The sales described in this
13 subsection are the following:

14 “(1) SALE RESULTING IN OR PRESERVING OWN-
15 ERSHIP AND CONTROL BY SOCIALLY DISADVAN-
16 TAGED INDIVIDUALS.—A sale of an interest in a
17 broadcast station if, immediately following the sale,
18 the station is owned and controlled by socially dis-
19 advantaged individuals (regardless of whether the
20 station was owned and controlled by socially dis-
21 advantaged individuals before the sale).

22 “(2) SALE BY INVESTOR IN STATION OWNED
23 AND CONTROLLED BY SOCIALLY DISADVANTAGED
24 INDIVIDUALS.—In the case of a person who has con-
25 tributed capital in exchange for an interest in a
26 broadcast station that is owned and controlled by so-

1 cially disadvantaged individuals, a sale by such per-
2 son of some or all of such interest.

3 “(c) RULES.—The Commission shall adopt rules for
4 the issuance of a certificate under subsection (a) that pro-
5 vide for the following:

6 “(1) LIMIT ON VALUE OF SALE.—A limit on the
7 value of an interest the sale of which qualifies for
8 the issuance of such a certificate. The limit shall be
9 no higher than \$50,000,000.

10 “(2) MINIMUM HOLDING PERIOD.—In the case
11 of a sale described in subsection (b)(1), a minimum
12 period following the sale during which the broadcast
13 station must remain owned and controlled by socially
14 disadvantaged individuals. The minimum period
15 shall be no shorter than 2 years and no longer than
16 3 years.

17 “(3) CUMULATIVE LIMIT ON NUMBER OR
18 VALUE OF SALES.—A limit on the total number of
19 sales or the total value of sales, or both, for which
20 a person may be issued certificates under subsection
21 (a).

22 “(4) PARTICIPATION IN STATION MANAGEMENT
23 BY SOCIALLY DISADVANTAGED INDIVIDUALS.—Re-
24 quirements for participation by socially disadvan-

1 taged individuals in the management of the broad-
2 cast station.

3 “(5) CERTIFICATION.—In the case of a sale de-
4 scribed in subsection (b)(1), a requirement that the
5 buyer of the interest in the broadcast station certify,
6 every 6 months during the minimum holding period
7 under paragraph (2), compliance with the rules
8 adopted under paragraphs (2) and (4). The Commis-
9 sion shall report a failure to make the certification
10 required under this paragraph to the Commissioner
11 of Internal Revenue and shall include such failure in
12 the report to Congress under subsection (d) that
13 covers the period during which such failure occurred.

14 “(d) ANNUAL REPORT TO CONGRESS.—The Commis-
15 sion shall submit to Congress an annual report describing
16 the sales for which certificates have been issued under sub-
17 section (a) during the period covered by the report.

18 “(e) DEFINITIONS.—In this section:

19 “(1) OWNED AND CONTROLLED BY SOCIALLY
20 DISADVANTAGED INDIVIDUALS.—The term ‘owned
21 and controlled by socially disadvantaged individuals’
22 means, with respect to a broadcast station, that—

23 “(A) such station is at least 51 percent
24 owned by one or more socially disadvantaged in-
25 dividuals, or, in the case of any publicly owned

1 broadcast station, at least 51 percent of the
2 voting stock of such station is owned by one or
3 more socially disadvantaged individuals, and
4 such individual or individuals have not con-
5 ferred the right to vote such stock to another;
6 and

7 “(B) the management and daily business
8 operations of such station are controlled by one
9 or more of such individuals.

10 “(2) SOCIALLY DISADVANTAGED INDIVIDUAL.—
11 The term ‘socially disadvantaged individual’ means a
12 woman or an individual who has been subjected to
13 racial or ethnic prejudice or cultural bias because of
14 the identity of the individual as a member of a
15 group without regard to the individual qualities of
16 the individual.”.

17 (2) DEADLINE FOR ADOPTION OF RULES.—The
18 Commission shall adopt rules to implement section
19 344 of the Communications Act of 1934, as added
20 by paragraph (1), not later than 1 year after the
21 date of the enactment of this Act.

22 (3) REPORT TO CONGRESS ON PROGRAM EX-
23 PANSION.—Not later than 6 years after the date of
24 the enactment of this Act, the Commission shall sub-
25 mit to Congress a report regarding whether Con-

1 gress should expand section 344 of the Communica-
2 tions Act of 1934, as added by paragraph (1), be-
3 yond broadcast stations to cover other entities regu-
4 lated by the Commission.

5 (4) EXAMINATION AND REPORT TO CONGRESS
6 ON NEXUS BETWEEN DIVERSITY OF OWNERSHIP
7 AND DIVERSITY OF VIEWPOINT.—

8 (A) EXAMINATION.—Not later than 60
9 days after the date of the enactment of this
10 Act, the Commission shall initiate an examina-
11 tion of whether there is a nexus between diver-
12 sity of ownership or control of broadcast sta-
13 tions (including ownership or control by mem-
14 bers of minority groups or women, or by both
15 members of minority groups and women) and
16 diversity of the viewpoints expressed in the mat-
17 ter broadcast by broadcast stations.

18 (B) REPORT TO CONGRESS.—Not later
19 than 2 years after the date of the enactment of
20 this Act, the Commission shall submit to Con-
21 gress a report on the findings of the Commis-
22 sion in the examination under subparagraph
23 (A), including supporting data.

24 (b) NONRECOGNITION OF GAIN OR LOSS FOR TAX
25 PURPOSES.—

1 (1) IN GENERAL.—Subchapter O of chapter 1
2 of the Internal Revenue Code of 1986 is amended by
3 inserting after part IV the following new part:

4 **“PART V—SALE OF INTEREST IN CERTAIN**
5 **BROADCAST STATIONS**

6 **“SEC. 1071. NONRECOGNITION OF GAIN OR LOSS FROM**
7 **SALE OF INTEREST IN CERTAIN BROADCAST**
8 **STATIONS.**

9 “(a) NONRECOGNITION OF GAIN OR LOSS.—If a sale
10 of an interest in a broadcast station, within the meaning
11 of section 344 of the Communications Act of 1934, is cer-
12 tified by the Federal Communications Commission under
13 such section, such sale shall, if the taxpayer so elects, be
14 treated as an involuntary conversion of such property
15 within the meaning of section 1033. For purposes of such
16 section as made applicable by the provisions of this sec-
17 tion, stock of a corporation operating a broadcast station
18 shall be treated as property similar or related in service
19 or use to the property so converted. The part of the gain,
20 if any, on such sale to which section 1033 is not applied
21 shall nevertheless not be recognized, if the taxpayer so
22 elects, to the extent that it is applied to reduce the basis
23 for determining gain or loss on any such sale, of a char-
24 acter subject to the allowance for depreciation under sec-
25 tion 167, remaining in the hands of the taxpayer imme-

1 diately after the sale, or acquired in the same taxable year.
2 The manner and amount of such reduction shall be deter-
3 mined under regulations prescribed by the Secretary. Any
4 election made by the taxpayer under this section shall be
5 made by a statement to that effect in his return for the
6 taxable year in which the sale takes place, and such elec-
7 tion shall be binding for the taxable year and all subse-
8 quent taxable years.

9 “(b) MINIMUM HOLDING PERIOD; CONTINUED MAN-
10 AGEMENT.—If—

11 “(1) there is nonrecognition of gain or loss to
12 a taxpayer under this section with respect to a sale
13 of property (determined without regard to this para-
14 graph), and

15 “(2) the sale of the interest in the broadcast
16 station fails to meet the requirements of the rules
17 adopted by the Federal Communications Commis-
18 sion under paragraph (2), (4), or (5) of section
19 344(c) of the Communications Act of 1934 (as such
20 rules are in effect on the date of such sale),

21 there shall be no nonrecognition of gain or loss under this
22 section to the taxpayer with respect to such sale, except
23 that any gain or loss recognized by the taxpayer by reason
24 of this subsection shall be taken into account as of the

1 first date on which the sale so fails to fulfill such require-
2 ments.

3 “(c) BASIS.—For basis of property acquired on a sale
4 treated as an involuntary conversion under subsection (a),
5 see section 1033(b).”.

6 (2) CLERICAL AMENDMENT.—The table of
7 parts for subchapter O of chapter 1 of the Internal
8 Revenue Code of 1986 is amended by inserting after
9 the item relating to part IV the following new item:
10 **“PART V—SALE OF INTEREST IN CERTAIN**
11 **BROADCAST STATIONS”.**

12 (c) EFFECTIVE DATE.—The amendments made by
13 this section shall apply with respect to sales of interests
14 in broadcast stations after the date that is 1 year after
15 the date of the enactment of this Act.

16 (d) SUNSET.—The amendments made by this section
17 shall not apply with respect to sales of interests in broad-
18 cast stations after the date that is 16 years after the date
19 of the enactment of this Act.

20 **SEC. 5. DEFINITIONS.**

21 In this Act:

22 (1) BROADCAST STATION.—The term “broad-
23 cast station” has the meaning given such term in
24 section 3 of the Communications Act of 1934 (47
25 U.S.C. 153).

1 (2) COMMISSION.—The term “Commission”
2 means the Federal Communications Commission.

