

**AMENDMENT IN THE NATURE OF A SUBSTITUTE**  
**TO H.R. 3957**  
**OFFERED BY Mr. Butterfield**

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.

17           (3) Data from 2014 shows that, of the over  
18 1,700 commercial broadcast television stations in the

1 United States, less than 6 percent are owned by  
2 women, and less than 3 percent are minority-owned.  
3 With respect to radio stations, women owned ap-  
4 proximately 7 percent of FM broadcast radio sta-  
5 tions, and minorities owned less than 3 percent of  
6 such stations.

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

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

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

16 (a) BIENNIAL REPORT CONTAINING RECOMMENDA-  
17 TIONS FOR INCREASING NUMBER OF MINORITY- AND  
18 WOMEN-OWNED BROADCAST STATIONS.—Not later than  
19 180 days after the date of the enactment of this Act, and  
20 not less frequently than every 2 years thereafter, the Com-  
21 mission shall submit to Congress a report containing rec-  
22 ommendations for how to increase the total number of  
23 broadcast stations that are owned or controlled by mem-  
24 bers of minority groups or women, or by both members  
25 of minority groups and women.

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

9 **SEC. 4. TAX CERTIFICATE PROGRAM FOR BROADCAST STA-**  
10 **TION TRANSACTIONS FURTHERING OWNER-**  
11 **SHIP BY SOCIALLY DISADVANTAGED INDIVID-**  
12 **UALS.**

13 (a) REQUIREMENTS FOR ISSUANCE OF CERTIFICATE  
14 BY FCC.—

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

18 **“SEC. 344. TAX CERTIFICATE PROGRAM FOR BROADCAST**  
19 **STATION TRANSACTIONS FURTHERING OWN-**  
20 **ERSHIP BY SOCIALLY DISADVANTAGED INDI-**  
21 **VIDUALS.**

22 “(a) ISSUANCE OF CERTIFICATE BY COMMISSION.—  
23 Upon application by a person who engages in a sale of  
24 an interest in a broadcast station described in subsection  
25 (b), subject to the rules adopted by the Commission under

1 subsection (c), the Commission shall issue to such person  
2 a certificate stating that such sale meets the requirements  
3 of this section.

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

6 “(1) SALE RESULTING IN OR PRESERVING OWN-  
7 ERSHIP AND CONTROL BY SOCIALLY DISADVAN-  
8 TAGED INDIVIDUALS.—A sale of an interest in a  
9 broadcast station if, immediately following the sale,  
10 the station is owned and controlled by socially dis-  
11 advantaged individuals (regardless of whether the  
12 station was owned and controlled by socially dis-  
13 advantaged individuals before the sale).

14 “(2) SALE BY INVESTOR IN STATION OWNED  
15 AND CONTROLLED BY SOCIALLY DISADVANTAGED  
16 INDIVIDUALS.—In the case of a person who has con-  
17 tributed capital in exchange for an interest in a  
18 broadcast station that is owned and controlled by so-  
19 cially disadvantaged individuals, a sale by such per-  
20 son of some or all of such interest.

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

24 “(1) LIMIT ON VALUE OF SALE.—A limit on the  
25 value of an interest the sale of which qualifies for



1 the issuance of such a certificate. The limit shall be  
2 no higher than \$50,000,000.

3 “(2) MINIMUM HOLDING PERIOD.—In the case  
4 of a sale described in subsection (b)(1), a minimum  
5 period following the sale during which the broadcast  
6 station must remain owned and controlled by socially  
7 disadvantaged individuals. The minimum period  
8 shall be no shorter than 2 years and no longer than  
9 3 years.

10 “(3) CUMULATIVE LIMIT ON NUMBER OR  
11 VALUE OF SALES.—A limit on the total number of  
12 sales or the total value of sales, or both, for which  
13 a person may be issued certificates under subsection  
14 (a).

15 “(4) PARTICIPATION IN STATION MANAGEMENT  
16 BY SOCIALLY DISADVANTAGED INDIVIDUALS.—Re-  
17 quirements for participation by socially disadvan-  
18 taged individuals in the management of the broad-  
19 cast station.

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

24 “(e) DEFINITIONS.—In this section:

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

5                   “(A) such station is at least 51 percent  
6                   owned by one or more socially disadvantaged in-  
7                   dividuals, or, in the case of any publicly owned  
8                   broadcast station, at least 51 percent of the  
9                   voting stock of such station is owned by one or  
10                  more socially disadvantaged individuals, and  
11                  such individual or individuals have not con-  
12                  ferred the right to vote such stock to another;  
13                  and

14                   “(B) the management and daily business  
15                   operations of such station are controlled by one  
16                   or more of such individuals.

17           “(2) SOCIALLY DISADVANTAGED INDIVIDUAL.—  
18           The term ‘socially disadvantaged individual’ means a  
19           woman or an individual who has been subjected to  
20           racial or ethnic prejudice or cultural bias because of  
21           the identity of the individual as a member of a  
22           group without regard to the individual qualities of  
23           the individual.”

24           (2) DEADLINE FOR ADOPTION OF RULES.—The  
25           Commission shall adopt rules to implement section

1 344 of the Communications Act of 1934, as added  
2 by paragraph (1), not later than 1 year after the  
3 date of the enactment of this Act.

4 (3) REPORT TO CONGRESS ON PROGRAM EX-  
5 PANSION.—Not later than 6 years after the date of  
6 the enactment of this Act, the Commission shall sub-  
7 mit to Congress a report regarding whether Con-  
8 gress should expand section 344 of the Communica-  
9 tions Act of 1934, as added by paragraph (1), be-  
10 yond broadcast stations to cover other entities regu-  
11 lated by the Commission.

12 (4) EXAMINATION AND REPORT TO CONGRESS  
13 ON NEXUS BETWEEN DIVERSITY OF OWNERSHIP  
14 AND DIVERSITY OF VIEWPOINT.—

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

1 (B) REPORT TO CONGRESS.—Not later  
2 than 2 years after the date of the enactment of  
3 this Act, the Commission shall submit to Con-  
4 gress a report on the findings of the Commis-  
5 sion in the examination under subparagraph  
6 (A), including supporting data.

7 (b) NONRECOGNITION OF GAIN OR LOSS FOR TAX  
8 PURPOSES.—

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

12 **“PART V—SALE OF INTEREST IN CERTAIN**  
13 **BROADCAST STATIONS.**

14 **“SEC. 1071. NONRECOGNITION OF GAIN OR LOSS FROM**  
15 **SALE OF INTEREST IN CERTAIN BROADCAST**  
16 **STATIONS.**

17 “(a) NONRECOGNITION OF GAIN OR LOSS.—If a sale  
18 of an interest in a broadcast station, within the meaning  
19 of section 344 of the Communications Act of 1934, is cer-  
20 tified by the Federal Communications Commission under  
21 such section, such sale shall, if the taxpayer so elects, be  
22 treated as an involuntary conversion of such property  
23 within the meaning of section 1033. For purposes of such  
24 section as made applicable by the provisions of this sec-  
25 tion, stock of a corporation operating a broadcast station



1 shall be treated as property similar or related in service  
2 or use to the property so converted. The part of the gain,  
3 if any, on such sale to which section 1033 is not applied  
4 shall nevertheless not be recognized, if the taxpayer so  
5 elects, to the extent that it is applied to reduce the basis  
6 for determining gain or loss on any such sale, of a char-  
7 acter subject to the allowance for depreciation under sec-  
8 tion 167, remaining in the hands of the taxpayer imme-  
9 diately after the sale, or acquired in the same taxable year.  
10 The manner and amount of such reduction shall be deter-  
11 mined under regulations prescribed by the Secretary. Any  
12 election made by the taxpayer under this section shall be  
13 made by a statement to that effect in his return for the  
14 taxable year in which the sale takes place, and such elec-  
15 tion shall be binding for the taxable year and all subse-  
16 quent taxable years.

17 “(b) MINIMUM HOLDING PERIOD; CONTINUED MAN-  
18 AGEMENT.—If—

19 “(1) there is nonrecognition of gain or loss to  
20 a taxpayer under this section with respect to a sale  
21 of property (determined without regard to this para-  
22 graph), and

23 “(2) the taxpayer ceases to fulfill any require-  
24 ments of the rules adopted by the Federal Commu-  
25 nications Commission under paragraph (2) or (4) of

1 section 344(c) of the Communications Act of 1934  
2 (as such rules are in effect on the date of such sale),  
3 there shall be no nonrecognition of gain or loss under this  
4 section to the taxpayer with respect to such sale, except  
5 that any gain or loss recognized by the taxpayer by reason  
6 of this subsection shall be taken into account as of the  
7 date on which the taxpayer so ceases to fulfill such re-  
8 quirements.

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

12 (2) CLERICAL AMENDMENT.—The table of  
13 parts for subchapter O of chapter 1 of the Internal  
14 Revenue Code of 1986 is amended by inserting after  
15 the item related to part IV the following new part:

16 **“PART V—SALE OF INTEREST IN CERTAIN**  
17 **BROADCAST STATIONS”.**

18 **“SEC. 1071. NONRECOGNITION OF GAIN OR LOSS FROM**  
19 **SALE OF INTEREST IN CERTAIN BROADCAST**  
20 **STATIONS.”.**

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

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

5 **SEC. 5. DEFINITIONS.**

6 In this Act:

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

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

