STATE OF NEW YORK

TAX APPEALS TRIBUNAL

In the Matter of the Petition :

of :

MEREDITH CORPORATION : DECISION
DTA NO. 822396

for Redetermination of a Deficiency or for Refund of :
Corporation Franchise Tax under Article 9-A of the Tax
Law for the Fiscal Years Ended June 30, 1998, :
June 30, 1999 and June 30, 2000.

Petitioner, Meredith Corporation, filed an exception to the determination of the Administrative Law Judge issued on January 14, 2010. Petitioner appeared by Kramer Levin Naftalis & Frankel LLP (Jonathan M. Wagner, Esq. and Maria T. Jones, Esq., of counsel). The Division of Taxation appeared by Daniel Smirlock, Esq. (Clifford M. Peterson, Esq., of counsel).

Petitioner filed a brief in support of its exception. The Division of Taxation filed a brief in opposition. Petitioner filed a reply brief. A brief *amicus curiae* in support of petitioner was filed on behalf of The Motion Picture Association of America, Inc. by Sutherland Asbill & Brennan LLP (Marc A. Simonetti, Esq. and Diann L. Smith, Esq., of counsel). Oral argument, at petitioner's request, was heard on September 15, 2010 in New York, New York.

After reviewing the entire record in this matter, the Tax Appeals Tribunal renders the following decision.

ISSUE

Whether amounts paid pursuant to certain license agreements to broadcast television programs are properly considered rentals of tangible personal property for purposes of property factor calculations under Tax Law § 210(3)(a)(1).

FINDINGS OF FACT

We find the facts as determined by the Administrative Law Judge. These facts are set forth below.

Petitioner, Meredith Corporation, is an Iowa corporation headquartered in Des Moines, Iowa. During the period at issue, petitioner was primarily engaged in two lines of business: publishing and television broadcasting. Petitioner's television broadcasting business is of relevance to the present matter.

Petitioner operated 12 television stations during the period at issue, none of which was located in or broadcasted into New York. Petitioner's stations were subject to regulation by the Federal Communications Commission.

In November 2001, the Division of Taxation (Division) commenced an audit of petitioner's corporation franchise tax returns for the tax years at issue. Petitioner filed combined returns with its subsidiaries for the years under audit and reported its liability under the entire net income base. The audit focused on combination issues, which were ultimately resolved.

In or about July 2004, during the course of the audit, petitioner raised the issue of whether amounts paid by its television stations for programming pursuant to license agreements with various third parties should be considered payments for the rental of tangible personal property and, therefore, included in its property factor calculations for purposes of determining its business allocation percentage under Tax Law § 210(3)(a)(1).

In response, the Division's auditors advised petitioner's representatives of the Division's position that amounts paid under licensing agreements for programming where such programming was delivered by satellite transmission was not a rental of tangible personal property and therefore was not properly included in property factor calculations under Tax Law § 210(3)(a)(1). Where programming was delivered by videocassette, however, it was the Division's position during the audit that amounts paid for such programming were properly included in property factor calculations.

The Division's auditors reached the foregoing conclusions following a review of several license agreements provided by petitioner and a review of a July 2, 1991 letter issued by the Division's Office of Counsel (***see infra***). The Division's auditors were not knowledgeable regarding satellite technology and did no research on this topic before reaching their conclusions.

On May 5, 2006, petitioner timely filed forms CT-8, Claim for Credit or Refund of Corporation Tax Paid, (i) for the tax year ended June 30, 1998, requesting a refund of tax paid under Article 9-A in the amount of $288,735.00; (ii) for the tax year ended June 30, 1999 requesting a refund of tax paid under Article 9-A in the amount of $290,936.00; and (iii) for the tax year ended June 30, 2000 requesting a refund of tax paid under Article 9-A in the amount of $196,509.00.

Petitioner's refund claims were premised on changes to its property factor calculations. Specifically, for each of the years, petitioner considered amounts paid to third parties for licensed programming as rentals of tangible personal property and thus included such payments in its property factor calculations. As all of petitioner's television stations were located outside of New York, the inclusion of such payments in petitioner's property factor calculations had the effect of decreasing petitioner's property factor (by increasing the property factor's denominator) and thus decreasing petitioner's business allocation percentage.

The Division did not grant petitioner's refund claims, nor did it issue any notice of disallowance with respect to the claims.

Petitioner filed a Request for Conciliation Conference dated August 8, 2006, and a Conciliation Order denying petitioner's request was issued on April 11, 2008. On July 7, 2008, petitioner filed a timely petition seeking refund of tax paid under Article 9-A for the years at issue and in the amounts claimed on its forms CT-8.

The parties stipulated that if the subject licensing costs were determined to be properly included in the property factor calculations, then the amount of petitioner's actual claims in each year would be i) $288,735.00 for the tax year ended June 30, 1998; ii) $290,936.00 for the tax year ended June 30, 1999; and iii) $196,509.00 for the tax year ended June 30, 2000.

Petitioner's franchise tax returns filed with its forms CT-8 claimed refunds due of: i) $255,630.00 for the tax year ended June 30, 1998; ii) $257,114.00 for the tax year ended June 30, 1999; and iii) $171,957.00 for the tax year ended June 30, 2000.

Petitioner's television stations acquired programs in three ways: 1) programs supplied by broadcast networks with which the stations were affiliated; 2) programs produced by the stations themselves, such as local news broadcasts; and 3) programs licensed from third parties such as syndicators. Petitioner's payments to such third parties for programs are the subject of the instant dispute.

Petitioner licensed programs from third parties pursuant to written license agreements. Examples of such programs include shows such as Dr. Phil, Judge Judy, Rikki Lake, Regis and Kelly, Mad About You, and Home Improvement, as well as feature films originally shown in theaters.

Petitioner submitted several representative samples of its television stations' license agreements.

Pursuant to these agreements, petitioner licensed the right to broadcast a particular program or programs. The consideration paid by the station to the third party under the license agreements was expressly for the right to broadcast the program.

The license agreements also provided for the delivery of the program or programs to the station. During the period at issue, virtually all programs were delivered by satellite transmission and the agreements expressly noted and provided for this method of delivery. The agreements generally required the station to bear the cost of the reception of the satellite transmission.

The agreements also provided for the delivery of a hard copy of the program by shipment. This method of delivery was generally employed as a backup arrangement in the event of a failure of the satellite delivery.

The license agreements limited each station's rights to broadcast programs to that station's existing over-the-air transmission facilities, sometimes referred to as free broadcast televison rights. The agreements also limited such rights to the station's broadcast market. Within that broadcast market, the agreements generally provided the station with an exclusive right to broadcast the particular program.

The agreements typically placed broadcast obligations and restrictions on the station. That is, the agreements typically required that the station broadcast the program within a particular period of time upon receipt. Some agreements restricted the number of times a station could broadcast the material. Many license agreements required that the show be broadcast within a particular window of time during the day.

The license agreements typically allocated the advertising time within the program between the station-licensee and the third party-licensor.

Following their broadcast of the program or programs pursuant to the license agreement, petitioner's television stations had no other interest in or right to use the programs. The agreements generally required the station either to return any copies of the programs to the third party-licensor or to destroy or erase any such copies.

As discerned from the evidence in the record, when programming material is originally produced, it is captured as audio and visual images in the camera, then recorded and stored in some form of recording medium. At this point, the recorded material is in the possession of the third party-licensor. To provide the material to the television station-licensee, the recorded material is converted to the proper format and transmitted by electromagnetic signals. The signals are transmitted by the third party to a satellite, which, in turn, transmits the signals to petitioner's television station. Upon receipt by the televison station, the material is stored in some form of recording medium. When the station broadcasts the material, it plays it on equipment that transmits the program over-the-air via radio wave transmission to the station's viewers.

The signals transmitted by the third parties to the stations contain the electronics that hold all of the audio and video images that comprise the program. With the proper equipment, those signals can be converted into images and sounds.

Through the 1970s, broadcast programming that stations licensed or rented from third parties such as syndicators was delivered to those stations by a delivery service and played on equipment that transmitted the programming to viewers by high-powered transmitters. The typical form of delivery for syndicated programming was by videotape.

In the late 1970s, stations began receiving programming, including licensed programming, by satellite transmission.

The first satellite system was put in place in the mid-1970s by the Public Broadcast System. During the 1980s, the commercial broadcast networks began a transition to satellite-based delivery systems. Syndicators also transitioned to satellite delivery systems at around the same time, and by the late 1980s and early 1990s, the syndicators were predominantly satellite-based.

The transition by the commercial broadcast networks to satellite delivery systems was discussed extensively in the trade and popular press. The transition was particularly well known in New York, given New York's position as headquarters for the networks.

Today, virtually all television stations obtain their programming by satellite delivery. As noted previously, video tapes are occasionally used if the satellite system goes down or there are other problems. Upon receiving programming delivered by satellite, stations store the programs on computer servers, disks or videotape before transmitting the program to the public.

There is no difference in the economic activity of a station whether it receives the programming by videotape or by satellite. Fundamentally, the business of a television station is to acquire programming that will attract a large audience or a specialized audience and to sell advertising time based on the audience. It makes no difference to that business activity whether the programming is delivered by satellite or by tape.

Like other broadcasters, petitioner's stations began to transition to satellite delivery systems in the early 1980s. This transition did not change, in any way, the substance of petitioner's stations' business as described above.

There is no distinction in petitioner's use of the programming whether it is delivered by satellite or by videotape and there is no material difference in the terms of the licensing agreements whether the programming is delivered by satellite or by videotape. Furthermore, the size of the viewing audience is unaffected by the method of delivery of the programming.

Satellite delivery benefits both broadcasters and their audiences. Satellite delivery is a more secure and more efficient means of delivery and its use eliminates disadvantages suffered by some rural broadcasters.

Satellite signals are electronic signals that contain the video images and the audio of the programming. With the proper equipment, anyone, even an unauthorized viewer, can see the video images and hear the audio. Moreover, if one were to steal the server on which the signals are stored, one would deprive the owner of that programming, much the same way that the theft of a videotape would deprive the owner of that tape of the programming recorded thereon.

At the hearing, petitioner presented the testimony of Joseph Snelson, vice president and director of engineering for the Meredith Broadcasting Group. Mr. Snelson testified that satellite signals are tangible and "very real" in the sense that "they contain the electronics that holds the essence . . . the program, the audio and video signals, the substance of what the program is." He further testified that "with the proper equipment, even by somebody unauthorized, if they knew how to do it, they can intercept those signals." He further testified that "you can touch" satellite signals in the sense that "with the right equipment" viewers "can see and hear what was recorded."

Petitioner also presented the testimony of Dr. Joseph Kraemer. Dr. Kraemer was accepted as an expert in the field of satellite communications. Dr. Kraemer testified that programs delivered by a satellite to a television station for broadcast over that station were tangible personal property. Dr. Kraemer asserted that "the critical issue" was that "the station . . . received a good, an item, a product that is used or useful to generate revenue." He opined that satellite transmission was "something physical" because "you can control it, you can see it, you can accelerate it, you can listen to it."

The July 2, 1991 letter issued by the Division's Office of Counsel responded to a taxpayer request for confirmation that for purposes of allocating the amount of rent paid for the leasing of films in the property factor of the business allocation percentage, the New York portion of such rent is determined by applying the New York state viewing audience ratio to such total rents. The opinion letter, provided in relevant part,

> Before we can answer this question, we must decide whether such amounts paid for the films in fact constitute tangible personal property. It appears from the information you provided us that [the taxpayer] enters into a licensing agreement which grants it the right to broadcast a film . . . . In order to facilitate that agreement, [the taxpayer] obtains a copy of the film. The copy is used for broadcasting purposes. The copy of the film is tangible personal property. The transfer of the copy, combined with the licensing agreement to broadcast that copy, constitutes a lease of tangible personal property (Columbia Pictures, Inc. v. Tax Commr., 176 Conn. 604, 410 A2d 457 [1979]). The transfer of the copy may not be separated from the licensing agreement. "The license to exhibit without the transfer of possession would be valueless. Together they are one transaction . . . ." (***United Artists Corp. v. Taylor***, 273 NY 334 [1937]).

The July 2, 1991 letter ultimately concluded that, in accordance with Technical Services Bureau Memorandum TSB-M-83(20)(C), dated July 20, 1983, the value of the rent paid for the films for purposes of the property factor is determined by multiplying the value of the rented property (determined in accordance with Tax Law § 210[3][a][1]) by the New York State viewing audience ratio, i.e., the New York state viewing audience divided by the total viewing audience.

The July 2, 1991 opinion letter was the Division's policy for corporations that had similar facts through the tax year ended December 31, 2007.

The July 20, 1983 Technical Services Bureau Memorandum cited above, titled Valuation of Films Produced by Broadcasters for Television Exhibition in Computing the Property Factor of the Business Allocation Percentage, announced the following policy effective for taxable years beginning on or after January 1, 1982 with respect to corporations engaged in the business of broadcasting television programs and producing films for television exhibition:

> The average fair market value of a "film," produced by a corporation engaged in the business of broadcasting television programs, attributable to New York state shall be determined by multiplying the applicable average fair market value of the "film" by the New York state viewing audience ratio.

The memorandum defined "film" as the "physical embodiment of a play, story . . . or other work created for public entertainment" and indicated that the term included "a tape."

The Division's Taxpayer Guidance Division announced the following policy in a TSB-M dated June 4, 2008 titled Computation of the MTA Surcharge for Corporations Engaged in the Business of Broadcasting (TSB-M-08[6]C):

> It is the Tax Department's position that when a broadcaster obtains a license to use a program or film for a certain number of times and/or over a limited period of time and the broadcaster receives the program or film in hard copy, the broadcaster has received the intangible right or license to use the program or film. Accordingly, the value of the program or film may not be included in the property factor . . . since it is not considered to be tangible personal property. This new position applies to taxable years beginning on or after January 1, 2008.
>
> Note: Programs or films obtained by a broadcaster in electronic form (for example, over a satellite or over the Internet) have always been considered an intangible right or license to use and are not includable in . . . the . . . allocation percentage.

THE DETERMINATION OF THE ADMINISTRATIVE LAW JUDGE

The Administrative Law Judge held that the amounts paid by petitioner for broadcast rights were not rentals of personal property and could not be included in the property factor of the business allocation percentage under Tax Law § 210(3)(a)(1).

The Administrative Law Judge found that the facts of this matter presented a situation similar to ***Matter of Disney Enterprises*** (Tax Appeals Tribunal, October 13, 2005, ***confirmed*** 40 AD3d 49 [2007], ***affd on other grounds*** 10 NY3d 392 [2008]). The Administrative Law Judge held that the broadcast rights were intangible assets that were akin to the copyrights owned by the taxpayer in ***Disney***. The Administrative Law Judge denied the petition because the subject payments made by petitioner were for intangible assets that, under the decision in ***Disney***, cannot be included in the property factor calculations of the business allocation percentage.

ARGUMENTS ON EXCEPTION

On exception, petitioner argues, as it did below, that television programs transmitted by satellite signals are like machinery, tools, implements, goods, wares and merchandise and tangible personal property under Tax Law § 208(11), and that, accordingly, payments made pursuant to the license agreements were rentals of tangible personal property under the relevant statute. Petitioner asserts that its position is consistent with the legislative history and intent of the corporation franchise tax. That is, petitioner asserts that the satellite programming is not representative of something (*e.g.* stocks or bonds), but is instead the thing itself, something you can see and touch, by which petitioner generates profits.

Petitioner contends that contrary to the Administrative Law Judge's determination, the decision in ***Disney*** (***supra***), provides no support for the determination. Petitioner also asserts that the Division's position on audit, which drew a distinction based on method of delivery, was not supported by the Division's pre-2008 written guidance on this issue, particularly TSB-M-83(20)(C) and the opinion letter dated July 2, 1991. Petitioner asserts that such guidance drew no such distinction.

Petitioner acknowledges that the Administrative Law Judge was correct in that the consideration paid by petitioner to third parties under a license agreement was expressly for the right to broadcast a program. However, petitioner argues that the evidence also showed that the agreement provided for the delivery of a video tape copy of a program for use as a backup when satellite transmissions were interrupted. Petitioner urges that we follow the Division's earlier policy based on the concept that, "The license to exhibit without the transfer of possession would be valueless" (***United Artists v. Taylor***, 273 NY 334, 337 [1937]). Accordingly, petitioner urges a finding in its favor because, inasmuch as the backup copy of a film is tangible personal property, the transfer of the backup copy may not be separated from the contracted for broadcast license agreements. For all of these reasons stated above, petitioner argues that the Administrative Law Judge's determination is in error and must be reversed.

The Division contends that the decision in ***Disney*** is dispositive of the present matter because petitioner contracted for and received copyrights, which are intangible. The Division points out that it is undisputed that petitioner paid its licensing fees for the exclusive rights to broadcast, subject to specific limitations. The Division urges that the licensee of exclusive broadcast rights is the owner of copyrights (***see*** 17 USC 201[d][2]). Therefore, the Division argues that petitioner acquired a type of asset that has no tangible substance, which is an intangible asset. The Division points to the decision in ***Disney,*** where it was determined that the property factor cannot include values for intangible assets because the statute's definition of "tangible personal property" for purposes of Article 9-A only contemplates "corporeal personal property" (Tax Law § 208[11]). The Division argues that while petitioner urges that we not follow our decision in ***Disney***, it has offered no support, authority or citations to show why this case should be treated differently.

The Division argues that petitioner rests its entire argument on the Court of Appeals decision in ***United Artists***, which does not support its case. The Division adopts the position of the Administrative Law Judge below and distinguishes the case as a sales tax case, whereas ***Disney*** and the instant matter involve calculations of the corporate franchise tax.

The Division further asserts that petitioner erred in relying upon TSB-M-83(20)(C) because that memorandum was factually distinguishable from the present matter. The Division also argues that petitioner neither paid for nor received tangible personal property when it paid the licensing fees for a program's broadcast rights. The Division further states that petitioner's reliance was misplaced because the ***Disney*** decision clarified the law and overturned prior policy, which the Division now acknowledges was incorrect as it was erroneously based on a sales tax case. Finally, the Division contends that the testimony of petitioner's expert did not support petitioner's argument.

OPINION

We affirm the determination of the Administrative Law Judge.

Article 9-A of the Tax Law imposes a franchise tax on all domestic and foreign corporations doing business, employing capital, owning or leasing property, or maintaining an office in the State of New York (***see*** Tax Law § 209[1]).

New York corporate taxpayers report their tax liability based on their computation of the highest of four income bases, one of which is entire net income (***see*** Tax Law 210[1][a-d]). Petitioner reported its liability during the years at issue under the entire net income base. Entire net income is allocated to New York pursuant to the taxpayer's business allocation percentage. The business allocation percentage consists of three factors, based upon property, receipts and wages.

At issue is the calculation of petitioner's property factor. The property factor reflects the location of the capital used to generate the income. The Tax Law defines the property factor of the business allocation percentage as follows:

> the percentage which the average value of the taxpayer's real and tangible personal property, whether owned or rented to it, within the state during the period covered by its report bears to the average value of all the taxpayer's real and tangible personal property, whether owned or rented to it, wherever situated during such period (Tax Law § 210[3][a][1]).

This case presents the question of whether the acquisition of broadcasting rights under licensing agreements qualifies as the rental of tangible personal property for property factor calculations.

Article 9-A of the Tax Law defines "tangible personal property" as follows:

> [C]orporeal personal property, such as machinery, tools, implements, goods, wares and merchandise, and does not mean money, deposits in banks, shares of stock, bonds, notes, credits or evidences of an interest in property and evidences of debt (Tax Law § 208[11]).

As observed by the Administrative Law Judge, the Legislature has not changed this definition of tangible personal property since New York first enacted the corporation franchise tax statutes in 1917.

Petitioner's television stations entered into license agreements for exclusive rights to broadcast a particular program or programs within a given market, and the consideration paid under those agreements was expressly for the contract rights to broadcast the program. The programming material was delivered to the stations for the sole purpose of enabling the stations to broadcast the material, i.e., to exercise their contract rights under the license agreements. The stations had no interest in or right to use the programming beyond the terms of the license agreements. Petitioner did not dispute that the right to broadcast a program is among the rights owned by the holder of a copyright (***see*** 17 USC § 106[4]). We conclude that the rights acquired by petitioner are similar to those at issue in ***Disney*** (*i.e.* the right to reproduce films for sale), and that the right to broadcast programs is equivalent to a copyright, a contract right or chose in action, which constitutes an intangible asset (***cf. ABKCO Industries v. Apple Films, et al.***, 39 NY2d 670 [1976] [wherein the Court of Appeals held that rights under a licensing agreement were intangible property]).

We hold that amounts paid for intangible broadcast rights cannot be included in the property factor calculation because they constitute intangible property. In ***Disney***, we held that "an intangible asset cannot be included in the property factor" in calculating a taxpayer's business allocation percentage under Tax Law § 210(3)(a)(1). We found against the taxpayer in ***Disney*** because a large portion of the fair market value of the negatives was the value attributable to the associated copyrights (i.e., the right to reproduce the films for sale in the consumer market). The value of the "copyright" represented an intangible asset and did not meet the definition of tangible personal property and could not be included. In affirming our decision, the Court of Appeals stated, "Disney receives royalties from these licensing activities, both tangible (from manufactured products) and *intangible* (*from copyrights*)" (emphasis added) (***Matter of Disney***

Enter. v. Tax Appeals Trib., ***supra*** at 394). Accordingly, petitioner cannot include the amount paid under its license agreements because the entirety of such payments were used to acquire intangible broadcast rights.

Petitioner maintains that the amounts paid for the licensing agreement should be included in the property factor because the programming was delivered by satellite transmission and backup tapes, which constitute personal property under Tax Law § 208(11). Petitioner's expert witness, Dr. Kraemer, testified that television programs delivered by satellite signal are personal property like "machinery, tools, implements, goods, wares and merchandise" because one could "touch" the beams with the proper equipment. Petitioner utilizes this testimony to assert that the satellite programming is not representative of something (*e.g.*, stocks or bonds), but is instead the thing itself, which one could can see and touch.

We reject this argument because the method of delivery is not dispositive of whether the payment for broadcast licenses could be included in the property factor. In ***Disney***, we held that Tax Law § 210(3)(a)(1) requires the separation of the value of intangible assets derived from ownership of tangible assets for property factor calculations. Here, the entirety of the licensing fees paid by petitioner were for the broadcast rights, which are intangible assets. The delivery of the programming by satellite and backup tapes has a concrete existence outside of the rights acquired by petitioner. We need not decide whether these delivery methods constitute tangible personal property because it does not alter the fact that petitioner paid for broadcast rights, which are unquestionably intangible assets and not included in the property factor calculation.

We reject petitioner's argument that the decision in ***United Artists*** requires reversal of the determination below because it conflicts with the decision in ***Disney***. The instant matter and

Disney involve calculations for the corporate franchise tax, while ***United Artists*** addressed the application of a local sales tax statute to the transfer of property. In ***United Artists***, the Court of Appeals interpreted a local New York City sales tax statute (Local Law No. 20 [1934] of the City of New York, as amended by Local Law No. 24 [1934]), holding that the transfer of a right to exhibit the film or photoplay, when accompanied by the transfer of the actual reel of film, constituted a taxable sale of tangible personal property. It is notable that the sales tax law in ***United Artists*** defines the term "sale" expansively and specifically includes a license to use (***see*** Local Law No. 24 § 1[e] [1934]). No comparable language exists in the definition of "rent" for the corporate franchise tax under Tax Law § 210(3)(a)(1). Accordingly, ***United Artists*** is properly distinguished from the instant matter and petitioner's argument on these grounds is rejected.

We further reject petitioner's attempts to distinguish the instant matter from ***Disney***. As stated in the foregoing discussion, that case stands for the principle that Tax Law § 210(3)(a)(1) does not permit the inclusion of intangible assets in property factor calculations of the business allocation percentage. Petitioner attempted to distinguish this case by stating, "there was no issue in ***Disney*** concerning the broadcast of licensed programming to the public." The Administrative Law Judge properly rejected this argument, noting that copyrights derived from the ownership of film negatives in ***Disney*** are analogous to broadcast rights from licensing agreements herein. It is of no moment that in ***Disney***, the Division challenged a fair market valuation based upon the intangible assets.

We have considered and rejected the arguments raised by The Motion Picture Association of America in its *amicus curiae* brief. We reject its arguments based upon the definition of film because this matter does not concern film, but rather the licensing of broadcast rights. Its remaining arguments are rejected and rendered moot by the foregoing discussion.

We reject the remainder of petitioner's arguments for the reasons set forth in the determination of the Administrative Law Judge, which we believe fully and correctly addressed each of said arguments and issues. Petitioner has offered nothing on exception that would justify our modifying the determination of the Administrative Law Judge.

Accordingly, it is ORDERED, ADJUDGED and DECREED that:

1. The exception of Meredith Corporation is denied;
2. The determination of the Administrative Law Judge is affirmed;
3. The petition of Meredith Corporation is denied; and
4. The denial of petitioner's refund claims of franchise tax is sustained.

DATED:Troy, New York
March 10, 2011

/s/ James H. Tully, Jr.
James H. Tully, Jr.
President

/s/ Carroll R. Jenkins
Carroll R. Jenkins
Commissioner

/s/ Charles H. Nesbitt
Charles H. Nesbitt
Commissioner