

Hall of the House of Representatives
85th General Assembly - Regular Session, 2005
Amendment Form

Subtitle of House Bill No. 2953

"THE BROADBAND INCENTIVE ACT OF 2005."

Amendment No. 1 to House Bill No. 2953.

Amend House Bill No. 2953 as originally introduced:

Page 1, delete line 9 and substitute the following:

"AN ACT TO IMPROVE ECONOMIC AND EDUCATIONAL OPPORTUNITIES BY FURTHERING THE GOAL OF PROVIDING ALL ARKANSANS WITH THE ABILITY TO CONNECT TO THE WORLD WIDE WEB VIA BROADBAND; TO ESTABLISH THE BROADBAND INCENTIVE ACT OF 2005; AND FOR OTHER PURPOSES."

AND

Page 1, delete line 12 and substitute the following:

"TO ESTABLISH THE BROADBAND INCENTIVE ACT OF 2005."

AND

Page 1, delete lines 17 through 21 and substitute the following:

"SECTION 1. Arkansas Code Title 15, Subtitle 1, Chapter 4 is amended to add an additional subchapter to read as follows:

15-4-3101. Title.

This act shall be known as the "Broadband Incentive Act of 2005".

15-4-3102. Definitions.

As used in this subchapter:

(1) "Broadband provider" means any person or legal entity that provides broadband services within the State of Arkansas;

(2)(A) "Broadband technology" means any equipment or software:

(i) Capable of being used for the transmission of information at a rate, prior to taking into account the effects of any signal degradation, that is not less than three hundred eighty-four kilobits per second (384Kbps) in at least one direction; and

(ii) Capable of being used with:

(a) Wireline telecommunications services;

(b) Wireless telecommunications services;

(c) Satellite-based telecommunications

services;

(d) Cable television services;



(e) Power-line based high speed telecommunications services; or

(f) Any combination of the services listed in subdivisions (2)(A)(ii)(a)-(e) of this section.

(B) "Broadband technology" includes, but is not limited to:

(i) Asynchronous transfer mode switches;

(ii) Routers;

(iii) Servers;

(iv) Multiplexers;

(v) Fiber optics; and

(vi) Equipment related to the items listed in subdivisions (2)(B)(i)-(vi) of this section;

(3) "Cost of deployed broadband technology" means:

(A) The cost of the broadband technology deployed to provide broadband services in this state; and

(B) The cost of equipment placement, including labor costs and other one-time costs typically capitalized pursuant to Generally Accepted Accounting Principles as prescribed by the Financial Accounting Standards Board; and

(4) "State income tax credit" means a credit against the tax liability imposed by the Income Tax Act of 1929, § 26-51-101 et seq.

15-4-3103. Income tax credit.

(a)(1) A broadband provider who offers broadband service to the residents of any Arkansas county having a population of twenty thousand (20,000) persons or less according to the 2000 Federal Decennial Census shall be entitled to a state income tax credit in the amount of fifteen percent (15%) of the cost of deployed broadband technology used to provide the broadband service within the county.

(2) A broadband provider who offers broadband service to the residents of any Arkansas county having a population of more than twenty thousand (20,000) persons according to the 2000 Federal Decennial Census shall receive a state income tax credit in the amount of ten percent (10%) of the cost of deployed broadband technology used to provide the broadband service within the county.

(b) The income tax credit provided under this section shall be applicable to the owner of the broadband technology deployed regardless of whether the technology is leased by a third party for the purpose of providing broadband based services to the consumer.

(c) The costs of deployed technology eligible for the tax credit provided by this subchapter shall remain deductible for state income tax purposes.

15-4-3104. Eligibility for tax credit.

(a) Broadband technology deployed on or after September 1, 2005, shall be eligible for the tax credit under this subchapter.

(b) Broadband technology deployed after September 1, 2011, shall not be eligible for the tax credit.

(c) The tax credit for the cost of deployed broadband technology allowed under this subchapter will expire six (6) tax years following the tax year in which the credit was earned.

(d) If the tax credit for any tax year exceeds fifty percent (50%) of the income tax liability for that tax year, the unused portions may be carried forward for six (6) years following the tax year in which the credit was earned.

15-4-3105. Reporting.

(a) Each broadband provider claiming the tax credit for any tax year shall submit a detailed accounting of the applicable tax year's broadband deployment to the Director of the Department of Finance and Administration.

(b) The report shall be submitted within thirty (30) calendar days after the broadband provider files its income tax return and shall contain sufficient information to accurately determine that the credits claimed are consistent with this subchapter.

(c)(1) If the director discovers any discrepancies or excess credits, the director shall notify the broadband provider within thirty (30) calendar days after receipt of the report.

(2) The Arkansas Tax Procedure Act, § 26-18-101 et seq. shall be applicable to the tax credit provided under this subchapter. The notice requirement in subdivision (c)(1) of this section is in addition to the provisions of the Arkansas Tax Procedure Act § 26-18-101 et seq.

SECTION 2. Arkansas Code Title 26, Chapter 52, Subchapter 4, is amended to add an additional section to read as follows:

26-52-438. Broadband technology – Exemption.

(a) The gross receipts or gross proceeds from sales of broadband technology between September 1, 2005, and September 1, 2011, to broadband providers shall be exempt from the gross receipts tax levied by the Arkansas Gross Receipts Act of 1941, § 26-52-101 et seq.

(b) As used in this section "broadband technology" has the same meaning as defined under § 15-4-3102(2).

SECTION 3. Section 2 of this act becomes effective on the first day of the calendar month following the effective date of this act."

The Amendment was read _____

By: Representative Dobbins

KWH/KSW - 03-10-2005 15:42

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Chief Clerk