



**State of Arkansas  
Department of Finance and Administration  
Fiscal Impact Statement**

**Bill: HB1469**

**Bill Subtitle: TO CREATE THE BROADBAND EXPANSION AND EFFICIENCY ACT; AND TO CREATE A SALES AND USE TAX EXEMPTION FOR MACHINERY AND EQUIPMENT USED IN PRODUCING BROADBAND COMMUNICATIONS SERVICES.**

---

**Sponsors:**

**Rep. Beaty and Sen. B. Johnson**

**Basic Change:**

HB1469 creates the "Broadband Expansion and Efficiency Act", which creates a sales and use tax exemption for the sale of machinery and equipment used in producing broadband communications services. HB1469 provides definitions for "broadband communications services" and "machinery and equipment used in producing broadband communications services":

- Broadband communication services includes: a telecommunications service; a video programming service; an internet access service; or any combination thereof;
- Machinery and equipment used in producing broadband communication services includes: wires, cables, fiber, conduits, antennas, poles, switches, routers, amplifiers, rectifiers, repeaters, receivers, multiplexers, duplexers, transmitters, circuit cards, insulating and protective materials and cases, power equipment and backup power equipment, diagnostic equipment, storage devices, modems, other general central office or headend equipment, equipment used in successor technologies, machinery, software, ancillary components, and accessories and other appurtenances; and
- Machinery and equipment used in producing broadband communication services specifically does not include: personal consumer electronics, including a smartphone computer, and tablet; and consumer-grade modems and Wi-Fi routers.

HB1469 is effective on the first day of the calendar quarter following the effective date of the act.

**Fiscal Impact:**

**FY2026**

**Total Approximate State Sales and Use Tax Loss -\$14,885,402**

(Estimated Effective Date 10/1/2025 --- 8 months reduced tax collection)

General Revenue - 4.5%	-\$9,996,120
Property Tax Relief - .5%	-\$1,110,680
Conservation Fund - .125%	-\$277,670
Educational Adequacy Fund - .875%	-\$1,943,690
Highway Fund - .5%	-\$1,145,031
Educational Excellence Trust Fund -	\$0
Educational Adequacy (GR Transfer) -	\$0
State Central Services -	-\$274,807
Constitutional Officers -	-\$137,404



**State of Arkansas  
Department of Finance and Administration  
Fiscal Impact Statement**

**Bill: HB1469**

**Bill Subtitle: TO CREATE THE BROADBAND EXPANSION AND EFFICIENCY ACT; AND TO CREATE A SALES AND USE TAX EXEMPTION FOR MACHINERY AND EQUIPMENT USED IN PRODUCING BROADBAND COMMUNICATIONS SERVICES.**

---

**Total Approximate Local City and County Sales and Use Tax Loss       -\$7,557,204**

**FY2027**

**Total Approximate State Sales and Use Tax Loss                               -\$22,997,946**

General Revenue - 4.5%	-\$13,905,603
Property Tax Relief - .5%	-\$1,716,001
Conservation Fund - .125%	-\$429,000
Educational Adequacy Fund - .875%	-\$3,003,001
Highway Fund - .5%	-\$1,769,073
Educational Excellence Trust Fund -	-\$1,413,451
Educational Adequacy (GR Transfer) -	-\$124,952
State Central Services -	-\$424,577
Constitutional Officers -	-\$212,289

**Total Approximate Local City and County Sales and Use Tax Loss       -\$11,675,880**

[ Fiscal impact was estimated by using the known \$94.7 billion investment in U.S. communications infrastructure in 2023 and similar legislation passed by Tennessee in 2022. ]

**Taxpayer Impact:**

A taxpayer would no longer pay sales or use tax on purchases of machinery and equipment used in producing broadband communications services.

**Resources Required:**

None.

**Time Required:**

Adequate time is provided for implementation.

**Procedural Changes:**

Computer programs, websites and training manuals will need to be updated to account for the changes.

**Other Comments:**

None.



**State of Arkansas  
Department of Finance and Administration  
Fiscal Impact Statement**

**Bill: HB1469**

**Bill Subtitle: TO CREATE THE BROADBAND EXPANSION AND EFFICIENCY ACT; AND TO  
CREATE A SALES AND USE TAX EXEMPTION FOR MACHINERY AND EQUIPMENT USED IN  
PRODUCING BROADBAND COMMUNICATIONS SERVICES.**

---

**Legal Analysis:**

HB1469 may benefit from an amendment to add definitions for: video programming service, telecommunications service, internet access service, ancillary components, accessories, and appurtenances. To the extent those terms are defined in the Streamlined Sales and Use Tax Agreement (SSUTA), the definitions in HB1469 must match the definitions in the SSUTA.

HB1469 may benefit from an amendment to clarify if it is intended to apply to existing telecommunications services including: prepaid wireless calling services, fixed wireless services, mobile wireless services, paging services, and value-added nonvoice data services.

HB1469 may also benefit from an amendment to clarify that the exemption is only available for producers of broadband communications services, rather than consumers or end-users.