

1 State of Arkansas
2 90th General Assembly
3 Regular Session, 2015
4

As Engrossed: S3/19/15

A Bill

SENATE BILL 683

5 By: Senator Files
6

For An Act To Be Entitled

8 AN ACT TO CREATE THE ARKANSAS BROADBAND
9 INFRASTRUCTURE INCENTIVE ACT; TO AMEND THE VALUATION
10 METHODS AND TAXATION OF CERTAIN INTANGIBLE PERSONAL
11 PROPERTY; AND FOR OTHER PURPOSES.
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Subtitle

14 TO CREATE THE ARKANSAS BROADBAND
15 INFRASTRUCTURE INCENTIVE ACT; AND TO
16 AMEND THE VALUATION METHODS AND TAXATION
17 OF CERTAIN INTANGIBLE PERSONAL PROPERTY.
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21 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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23 *SECTION 1. Arkansas Code § 26-26-1607, concerning methods of valuing*
24 *property of utilities and carriers for purposes of ad valorem taxation, is*
25 *amended to add an additional subsection to read as follows:*

26 *(c) The division, in valuing property pursuant to subsection (b) of*
27 *this section for broadband communications entities, shall exclude all*
28 *intangible property acquired after January 1, 2015, in accordance with the*
29 *following provisions, provided that the values determined pursuant to this*
30 *subsection shall be correlated to a final unit value and then allocated to*
31 *the state:*

32 *(1) The cost approach should be calculated based on the total*
33 *original cost of the tangible and intangible operating property, less*
34 *depreciation and amortization reflected on the company's balance sheet;*

35 *(2) The cost approach value determined pursuant to subdivision*
36 *(c)(1) of this section shall be adjusted to determine the "adjusted cost*



1 indicator value.” The adjusted cost indicator equals the value determined
2 pursuant to subdivision (c)(1) of this section reduced by all intangible
3 property acquired after January 1, 2015, and all growth in net investment in
4 tangible property (increases in net operating plant) after January 1, 2015.
5 Intangible assets acquired after January 1, 2015, and growth in net plant
6 shall not include assets previously included in an Arkansas property tax
7 valuation;

8 (3) The value determined pursuant to subdivisions (b)(2) and (3)
9 of the section shall be adjusted by multiplying each by a fraction, as
10 follows; provided however, that this adjustment shall only apply if the
11 original cost less depreciation of the tangible property located in this
12 state is less than or equal to the adjusted value allocated to this state:

13 (A) The numerator equals the “adjusted cost indicator
14 value” determined pursuant to subdivision (c)(2) of this section; and

15 (B) The denominator equals the original cost of the
16 operating assets less depreciation as reflected on the balance sheet
17 determined pursuant to subdivision (c)(1) of this section.

18 (4) For purposes of this section, intangible property includes
19 but is not limited to goodwill, trademarks and trade names, licenses,
20 established customer base and lists, patents, franchises, rights and
21 proprietary technology; but, solely for purposes of this subsection,
22 intangible property does not include software; and

23 (5) For purposes of this subsection, “broadband communications
24 entities” shall mean entities investing in intangible and tangible property
25 to enhance broadband deployment and connectivity and shall include the
26 following:

27 (A) Commercial mobile radio service providers as defined
28 in § 23-17-403(6);

29 (B) Telecommunications providers as defined in § 23-17-
30 403(24);

31 (C) Video service providers as defined in § 23-19-202(16);
32 and

33 (D) Cable Television Systems as defined in § 26-26-1801.

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35 /s/Files
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