

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

As Engrossed: S3/19/15 S3/23/15

# A Bill

SENATE BILL 683

5 By: Senator Files  
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## 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. Intangible assets acquired after  
4 January 1, 2015, shall not include assets previously included in an Arkansas  
5 property tax valuation;

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

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

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

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

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

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

27 (B) Telecommunications providers as defined in § 23-17-  
28 403(24);

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

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

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33 /s/Files  
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