

**ARKANSAS SENATE**  
85th General Assembly - Regular Session, 2005  
**Amendment Form**

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**Subtitle of Senate Bill No. 980**

"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."

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**Amendment No. 3 to Senate Bill No. 980.**

Amend Senate Bill No. 980 as engrossed, S3/14/05 (version: 03-14-2005 14:01):

Delete everything after the Enacting Clause 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.

(5) "Underserved area" means an area of the State of Arkansas in  
which broadband internet service is not available by cable, wire, or radio  
frequency on June 1, 2005.

15-4-3103. Income tax credit.

(a) A broadband provider who offers broadband service to the residents  
of an underserved area 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 underserved area.

(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 June 1, 2005, shall be  
eligible for the tax credit under this subchapter.

(b) Broadband technology deployed after June 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) consecutive tax 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 5 is amended to add an additional section to read as follows:

26-52-523. Broadband technology.

(a) The Director of the Department of Finance and Administration shall refund any state sales or use tax to a broadband provider paid by the broadband provider on the purchase of broadband technology deployed in underserved areas between June 1, 2005 and June 1, 2011, if the broadband provider furnishes the director the following:

(1) A written request for a refund under § 26-18-507;

(2) Evidence that the sales or use tax was paid by the broadband provider; and

(3) Other information required by the director.

(b)(1) A claim for refund of sales or use tax under this section is subject to the Arkansas Tax Procedure Act, § 26-18-101 et seq.

(2) Any claim for refund shall be in writing and filed within three (3) years after the date the tax was paid by the broadband provider."

The Amendment was read the first time, rules suspended and read the second time and \_\_\_\_\_

By: Senator J. Bookout

KWH/KWH - 03-29-2005 15:02

KWH330

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Secretary