

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas
2 85th General Assembly
3 Regular Session, 2005
4
5 By: Senator J. Bookout
6
7

A Bill

SENATE BILL 980

For An Act To Be Entitled

9 AN ACT TO IMPROVE ECONOMIC AND EDUCATIONAL
10 OPPORTUNITIES BY FURTHERING THE GOAL OF PROVIDING
11 ALL ARKANSANS WITH THE ABILITY TO CONNECT TO THE
12 WORLD WIDE WEB VIA BROADBAND; TO ESTABLISH
13 INCENTIVES FOR BROADBAND PROVIDERS; AND FOR OTHER
14 PURPOSES.

Subtitle

15
16 TO IMPROVE ECONOMIC AND EDUCATIONAL
17 OPPORTUNITIES BY FURTHERING THE GOAL OF
18 PROVIDING ALL ARKANSANS WITH THE ABILITY
19 TO CONNECT TO THE WORLD WIDE WEB VIA
20 BROADBAND.
21
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23

24 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

25
26 SECTION 1. Arkansas Code Title 15, Subtitle 1, Chapter 4, is amended
27 to add an additional subchapter to read as follows:

28 15-4-3101. Definitions.

29 As used in this subchapter:

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

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

33 (i) Capable of being used for the transmission of
34 information at a rate, prior to taking into account the effects of any signal
35 degradation, that is not less than three hundred eighty-four kilobytes
36 (384kb.) per second in at least one direction; and



1 (ii) Capable of being used with:
 2 (a) Wireline telecommunications services;
 3 (b) Wireless telecommunications services;
 4 (c) Satellite-based telecommunications
 5 services;
 6 (d) Cable television services;
 7 (e) Power-line based high speed
 8 telecommunications services; or
 9 (f) Any combination of the services listed in
 10 subdivisions (2)(A)(ii)(a-e) of this section.

11 (3) "Broadband technology" includes, but is not limited to:
 12 (A) Asynchronous transfer mode switches;
 13 (B) Routers;
 14 (C) Servers;
 15 (D) Multiplexers;
 16 (E) Fiber optics; and
 17 (F) Equipment related to the items listed in subdivisions
 18 (3)(A-F) of this section;

19 (3) "Cost of deployed broadband technology" means:
 20 (A) The cost of the broadband technology deployed to
 21 provide broadband services in this state; and
 22 (B) The cost of equipment placement including labor costs
 23 and other one-time costs typically capitalized pursuant to Generally Accepted
 24 Accounting Principles as prescribed by the Financial Accounting Standards
 25 Board; and

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

28
 29 15-4-3102. Income tax credit.

30 (a)(1) A broadband provider who offers broadband service to the
 31 residents of any Arkansas county having a population of twenty thousand
 32 (20,000) persons or less according to the 2000 Federal Decennial Census shall
 33 be entitled to a state income tax credit in the amount of fifteen percent
 34 (15%) of the cost of deployed broadband technology used to provide the
 35 broadband service within the county.

36 (2) A broadband provider who offers broadband service to the

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

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

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

13
 14 15-4-3103. Eligibility for tax credit.

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

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

19 (c) The tax credit for each investment allowed under this subchapter
 20 will expire after (6) tax years following the tax year in which the credit
 21 was earned.

22 (d) If the tax credit for any tax year exceeds the income tax
 23 liability for that tax year, the unused portions may be carried forward for
 24 six (6) years.

25
 26 15-4-3104. Reporting.

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

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

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

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

5
6 SECTION 2. Arkansas Code Title 26, Chapter 52, Subchapter 4, is
7 amended to add an additional section to read as follows:

8 26-52-438. Broadband technology – Exemption.

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

13 (b) As used in this section “broadband technology” has the same
14 meaning as defined under § 15-4-3101.

15
16 SECTION 3. Section 2 of this act becomes effective on the first day of
17 the calendar month following the effective date of this act.