

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

As Engrossed: S3/14/05

# A Bill

SENATE BILL 980

5 By: Senator J. Bookout  
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7

## 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.  
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24 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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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 kilobits per  
36 second (384 Kbps) 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 (B) 'Broadband technology' includes, but is not limited  
12 to:

13 (i) Asynchronous transfer mode switches;

14 (ii) Routers;

15 (iii) Servers;

16 (iv) Multiplexers;

17 (v) Fiber optics; and

18 (vi) Equipment related to the items listed in  
19 subdivisions (B)(i)-(vi) of this section;

20 (3) "Cost of deployed broadband technology" means:

21 (A) The cost of the broadband technology deployed to  
22 provide broadband services in this state; and

23 (B) The cost of equipment placement including labor costs  
24 and other one-time costs typically capitalized pursuant to Generally Accepted  
25 Accounting Principles as prescribed by the Financial Accounting Standards  
26 Board; and

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

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30 15-4-3102. Income tax credit.

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

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

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

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

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

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

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

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

23           (d) If the tax credit for any tax year exceeds fifty percent (50%) of  
24 the income tax liability for that year, the unused portions may be carried  
25 forward for six (6) tax years following the tax year in which the credit was  
26 earned.

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28           15-4-3104. Reporting.

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

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

36           (c)(1) If the director discovers any discrepancies or excess credits,

1 the director shall notify the broadband provider within thirty (30) calendar  
2 days after receipt of the report.

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

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

10 26-52-438. Broadband technology – Exemption.

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

15 (b) As used in this section 'broadband technology' has the same  
16 meaning as defined under § 15-4-3101.

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18 SECTION 3. Section 2 of this act shall become effective on the first  
19 day of the calendar month following the effective date of this act.

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21 /s/ J. Bookout  
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