

1 State of Arkansas  
2 93rd General Assembly  
3 Regular Session, 2021  
4  
5 By: Senator M. Johnson  
6

# A Bill

SENATE BILL 605

## For An Act To Be Entitled

8 AN ACT TO PROVIDE FOR THE SALES TAX TREATMENT OF  
9 BROADBAND EQUIPMENT; TO EXEMPT BROADBAND EQUIPMENT  
10 FROM SALES TAX WHEN THE EQUIPMENT IS INSTALLED IN A  
11 RURAL AREA; AND FOR OTHER PURPOSES.  
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## Subtitle

14 TO EXEMPT BROADBAND EQUIPMENT FROM SALES  
15 TAX WHEN THE EQUIPMENT IS INSTALLED IN A  
16 RURAL AREA.  
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20 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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22 SECTION 1. Arkansas Code Title 26, Chapter 52, is amended to add an  
23 additional subchapter to read as follows:  
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### Subchapter 17 – Arkansas Broadband Technology Act

#### 26-52-1701. Title.

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27 This subchapter shall be known and may be cited as the “Arkansas  
28 Broadband Technology Act.”  
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#### 26-52-1702. Legislative findings and intent.

##### (a) The General Assembly finds that:

31 (1) The long-standing telecommunications policy of this state  
32 has been to ensure that all citizens have access to telephone service and  
33 that, due to the increasing reliance on access to computer information for  
34 services, jobs, housing, and other necessities, this policy should be  
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1 broadened to include high-speed access to the internet;

2 (2)(A) Arkansans' ability to access the internet in all parts of  
3 the state is critical for:

4 (i) Arkansas to remain competitive in the fields of  
5 business and education; and

6 (ii) State and local governments to provide  
7 services, both now and in the future.

8 (B) Arkansans' ability to access the full potential of the  
9 Internet requires having the most advanced telecommunications infrastructure;  
10 and

11 (3) The growth of high-speed access to the Internet has occurred  
12 predominately in areas of this state with higher population density and  
13 development, which has led to a "digital divide" between areas of the state  
14 with less population density and development;

15 (b) The intent of this act is to:

16 (1) Increase access to high-speed internet in areas with less  
17 population density and infrastructure development; and

18 (2) Provide certain tax incentives to businesses that install  
19 and manage equipment to enable high-speed access to the internet.

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21 26-52-1703. Definitions.

22 As used in this subchapter:

23 (1) "Broadband equipment" means the infrastructure, materials,  
24 and other facilities designed to provide regulated or nonregulated  
25 connectivity to a high-speed, high-capacity transmission medium that can  
26 carry signals from multiple independent network carriers:

27 (A) Over electric power lines, communication lines,  
28 antennas, or related facilities, whether above or below ground; or

29 (B) Wirelessly; and

30 (2) "Rural area" means:

31 (A) An unincorporated part of an Arkansas county; or

32 (B) A municipality or town in Arkansas that has a  
33 population of less than two thousand five hundred (2,500) people according to  
34 the most recent federal decennial census.

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36 26-52-1704. Sales tax exemption.

1       (a) The gross receipts or gross proceeds derived from the purchase of  
2 broadband equipment capable of providing high-speed internet access to  
3 customers in a rural area are exempt from the gross receipts tax levied by  
4 this chapter and the compensating use tax levied by the Arkansas Compensating  
5 Tax Act of 1949, § 26-53-101 et seq.

6       (b) The Department of Finance and Administration shall promulgate  
7 rules to implement the tax exemption created under this subchapter.

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9       SECTION 2. EFFECTIVE DATE. Section 1 of this act is effective on the  
10 first day of the second calendar month following the effective date of this  
11 act.