

Stricken language would be deleted from and underlined language would be added to present law.
Act 1118 of the Regular Session

State of Arkansas
90th General Assembly
Regular Session, 2015

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

A Bill

SENATE BILL 683

By: Senator Files

For An Act To Be Entitled

AN ACT TO CREATE THE ARKANSAS BROADBAND
INFRASTRUCTURE INCENTIVE ACT; TO AMEND THE VALUATION
METHODS AND TAXATION OF CERTAIN INTANGIBLE PERSONAL
PROPERTY; AND FOR OTHER PURPOSES.

Subtitle

TO CREATE THE ARKANSAS BROADBAND
INFRASTRUCTURE INCENTIVE ACT; AND TO
AMEND THE VALUATION METHODS AND TAXATION
OF CERTAIN INTANGIBLE PERSONAL PROPERTY.

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

SECTION 1. Arkansas Code § 26-26-1607, concerning methods of valuing property of utilities and carriers for purposes of ad valorem taxation, is amended to add an additional subsection to read as follows:

(c) The division, in valuing property pursuant to subsection (b) of this section for broadband communications entities, shall exclude all intangible property acquired after January 1, 2015, in accordance with the following provisions, provided that the values determined pursuant to this subsection shall be correlated to a final unit value and then allocated to the state:

(1) The cost approach should be calculated based on the total original cost of the tangible and intangible operating property, less depreciation and amortization reflected on the company's balance sheet;

(2) The cost approach value determined pursuant to subdivision (c)(1) of this section shall be adjusted to determine the "adjusted cost



indicator value.” The adjusted cost indicator equals the value determined pursuant to subdivision (c)(1) of this section reduced by all intangible property acquired after January 1, 2015. Intangible assets acquired after January 1, 2015, shall not include assets previously included in an Arkansas property tax valuation;

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

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

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

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

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

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

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

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

and

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

/s/Files

APPROVED: 04/06/2015