

Stricken language would be deleted from and underlined language would be added to present law.

State of Arkansas
89th General Assembly
Regular Session, 2013

As Engrossed: H4/2/13
A Bill

HOUSE BILL 2164

By: Representative Carter

For An Act To Be Entitled

AN ACT TO CREATE AN EXEMPTION FROM THE SALES AND USE TAX FOR EQUIPMENT AND OTHER ITEMS AND SERVICES USED TO PROVIDE WIRELESS BROADBAND; AND FOR OTHER PURPOSES.

Subtitle

TO CREATE AN EXEMPTION FROM THE SALES AND USE TAX FOR EQUIPMENT AND OTHER ITEMS AND SERVICES USED TO PROVIDE WIRELESS BROADBAND.

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

SECTION 1. Arkansas Code Title 26, Chapter 52, Subchapter 4, is amended to add an additional section to read as follows:

26-52-446. Machinery and equipment used to provide wireless broadband.

(a) The gross receipts or gross proceeds derived from the sale of machinery and equipment used directly in the provisioning or transmission of broadband communication service by a wireless provider are exempt from the gross receipts tax levied by the Arkansas Gross Receipts Act of 1941, § 26-52-101 et seq., and the compensating use tax levied by the Arkansas Compensating Tax Act of 1949, § 26-53-101 et seq.

(b) As used in this section:

(1)(A) "Broadband communication service" means offering to the public for compensation the transmission of voice, data, video, or other electronic information at a rate capable of speeds that are at least four megabits per second (4 Mbps) for download and one megabit per second (1 Mbps)



for upload.

(B) "Broadband communication service" does not include radio and television broadcast or distribution;

(2) "Machinery and equipment" includes without limitation the following:

(A) An antenna, amplifier, wire, cable, fiber optic cable, rectifier, duplexer, triplexer, multiplexer, receiver, repeater, transmitter, modem, router, storage device, closure, conduit, controller, filter, input device, insulator, output device, pedestal, power converter, radio channel, terminal, timing unit, transformer, bridge, network computer, cross connect, oscillator, server, connector, attenuator, circuit switch, analog electronic switch, digital electronic switch, and switch for operator assistance; and

(B) Power equipment, microwave equipment, plug-in circuitry, network software, power transport equipment, and test equipment;

(3) "Provisioning or transmission" includes the following with respect to broadband communication services:

(A) Originating by serving as the beginning point of a transmission signal;

(B) Transporting by carrying or delivering a transmission signal;

(C) Aggregating by converging transmission signals that arrive from one (1) or more directions and are forwarded to one (1) or more other directions;

(D) Multiplexing by combining and sending two (2) or more transmission signals onto a common transmission medium and recovering the signals at the receiving end;

(E) Cross-connecting by linking or patching network wires constructed of copper, fiber, or other material that enable the network equipment on either end of the network wires to be connected;

(F) Routing by controlling or directing the path of a transmission signal to its next or final destination;

(G) Coding by altering the characteristics of a transmission signal to make the signal more suitable for an intended application, including without limitation optimizing the signal for transmission, improving transmission quality and fidelity, modifying the signal spectrum, increasing the information content, providing error

detection or correction, and providing data security;

(H) Decoding by converting transmission signals by reversing the effect of coding; and

(I) Terminating by delivering a transmission signal to its final destination point; and

(4)(A) "Wireless provider" means a person, firm, partnership, corporation, association, or other entity that offers commercial mobile service as defined in § 23-17-403 to the public for compensation.

(B) "Wireless provider" does not include a person, firm, partnership, corporation, or other entity that sells or provides broadband communication service, including without limitation a hotel, motel, or owner or lessee of an office, residential building, or development that contracts and pays for broadband communication service for resale to guests or tenants.

(c) The Director of the Department of Finance and Administration may promulgate rules to implement this section.

SECTION 2. EFFECTIVE DATE. Section 1 of this act is effective on and after January 1, 2014

/s/Carter