

2024 Regular Session

HOUSE BILL NO. 827

BY REPRESENTATIVE TURNER

TAX/TAX REBATES: Provides relative to the sales and use tax rebate on the sale of certain communications service equipment

1 AN ACT

2 To amend and reenact R.S. 47:305.73, relative to sales and use tax rebates; to provide
3 relative to a state and local sales and use tax rebate on the sale of certain
4 communications service equipment; to repeal provisions authorizing a local sales and
5 use tax rebate on the sale of such equipment; to provide definitions that apply for
6 purposes of the state sales and use tax rebate on such equipment; to limit the total
7 rebate amount that may be paid per fiscal year; to provide for other limitations and
8 conditions; to provide an effective date; and to provide for related matters.

9 Be it enacted by the Legislature of Louisiana:

10 Section 1. R.S. 47:305.73 is hereby amended and reenacted to read as follows:

11 §305.73. Rebates; sales and use tax for ~~fiber-optic cable~~ broadband equipment

12 A. (1) A ~~winning bidder that is awarded a census block by the Federal~~
13 ~~Communications Commission in the Rural Digital Opportunity Fund Auction,~~
14 communications provider shall be eligible for a rebate of state ~~and local~~ sales and use
15 taxes paid by the ~~winning bidder on fiber-optic cable equipment used to distribute~~
16 ~~fixed and mobile broadband networks to eligible rural unserved areas~~ provider on
17 equipment used to provide broadband communications services in Louisiana. The
18 amount of the rebate shall equal ~~fifty percent of the~~ state sales and use tax paid by
19 the ~~winning bidder on fiber-optic cable~~ communications provider on the equipment.

1 ~~(2) The following words shall have the following meanings unless the~~
2 ~~context clearly indicates otherwise:~~

3 ~~(a) "Fiber-optic cable equipment" means:~~

4 ~~(i) Telecommunications fiber.~~

5 ~~(ii) Wires.~~

6 ~~(iii) Poles.~~

7 ~~(iv) Supports.~~

8 ~~(v) Lashing cable.~~

9 ~~(vi) Conduit.~~

10 ~~(vii) Communication handholes.~~

11 ~~(viii) Customer premise equipment.~~

12 (2) As used in this Section, the following terms shall have the meanings
13 ascribed to them in this Paragraph unless the context clearly indicates otherwise:

14 (a) "Broadband communications service" means telecommunications service
15 as defined in 47 U.S.C. 153(53), cable service as defined in 47 U.S.C. 522(6), and
16 internet access service as defined in Section 1101(e)(3)(D) of the Internet Tax
17 Freedom Act (P.L. 105-277, Title XI), as amended, or any combination of these
18 services.

19 (b) "Communications provider" means a person who is principally engaged
20 in the business of distributing, provisioning, transmitting, conveying, monitoring,
21 switching, receiving, or routing of a broadband communications service.

22 (c) "Equipment used to provide broadband communications service" and
23 "equipment" means all of the following items when such items are utilized to provide
24 broadband communications service: cables, including fiber-optic and coaxial cables;
25 antennas; towers; poles; supports; mounts; lashing wires; conduit; above-ground
26 network equipment enclosures and storage devices; below-ground network
27 equipment enclosures and storage devices; central control headend equipment; hub
28 switching equipment; network monitoring and diagnostic equipment; networking and
29 distribution equipment; radio communication equipment; routing and switching

1 equipment; broadband network software; power regulator equipment; power failure
2 backup equipment; network servers; communications multiplexers; and signal
3 amplification equipment.

4 (b) (d) "Unserved area" means an area that has service levels below the
5 minimum acceptable level of fixed broadband service as defined in 7 U.S.C.
6 950bb(e)(1).

7 (3) Each item of ~~fiber-optic cable~~ equipment shall be eligible for only a
8 single rebate pursuant to this Section. Subsequent transactions involving the sale or
9 resale of the same item of ~~fiber-optic cable~~ equipment shall not be eligible for this
10 rebate.

11 (4) The rebate authorized pursuant to this Section shall not be allowed for
12 ~~the purchases of fiber-optic cable equipment that are paid for with state or federal~~
13 ~~funds, unless the state or federal funds are reported as taxable income or are~~
14 ~~structured as repayable loans~~ any purchase of equipment that is paid for with state
15 or federal funds.

16 B.(1) Requests for the rebates of state sales and use taxes pursuant to the
17 provisions of this Section shall be processed by the Department of Revenue. A
18 purchaser shall claim a state rebate using the form and in the manner prescribed by
19 the Department of Revenue.

20 (2) The purchaser who claims a rebate shall submit documentation to the
21 secretary of the Department of Revenue evidencing the purchase of ~~fiber-optic cable~~
22 equipment used to provide broadband communications service and documentation
23 evidencing the purchaser is a winning bidder that was awarded a census block by the
24 Federal Communications Commission in the Rural Digital Opportunity Fund
25 Auction.

26 (3) The secretary of the Department of Revenue ~~may~~ shall promulgate rules
27 in accordance with the Administrative Procedure Act as are necessary to implement
28 the provisions of this Section, including rules to provide for the form and manner for
29 claiming a rebate. Such rules shall establish the method for processing and paying

1 rebate claims, including but not limited to a first-come, first-served system, or other
2 method which the department, in its discretion, may find beneficial for
3 administration of the rebate.

4 ~~C. Requests for the rebate of local sales and use taxes pursuant to the~~
5 ~~provisions of this Section shall be processed by the appropriate local taxing~~
6 ~~authority. A purchaser shall claim a local rebate using the form and in the manner~~
7 ~~required by the local taxing authority. The purchaser who claims the rebate shall~~
8 ~~submit documentation to the local taxing authority evidencing the purchase of~~
9 ~~fiber-optic cable equipment and documentation evidencing the purchaser is a~~
10 ~~winning bidder that was awarded a census block by the Federal Communications~~
11 ~~Commission in the Rural Digital Opportunity Fund Auction. The Louisiana Uniform~~
12 ~~Local Sales Tax Board may promulgate rules and regulations in accordance with the~~
13 ~~Administrative Procedure Act as necessary for the implementation of this Section.~~

14 C.(1) The total amount of rebates paid pursuant to this Section in any fiscal
15 year shall not exceed fifteen million dollars.

16 (2)(a) Within the limit established in Paragraph (1) of this Subsection, the
17 amount of rebates paid for purchases of equipment used to provide broadband
18 communications service outside of an unserved area shall not exceed three million
19 dollars in any fiscal year.

20 (b) The purpose of this Paragraph is to reserve up to eighty percent of the
21 total amount of rebates authorized by this Section as incentives for communications
22 providers to furnish broadband communications service in unserved areas.

23 (3) If the total amount of rebates requested for a fiscal year exceeds the
24 applicable limit provided in either Paragraph (1) or (2) of this Subsection, the excess
25 shall be treated as having been requested on the first day of the subsequent fiscal
26 year.

27 D. The Department of Revenue shall not remit payment of any rebate
28 authorized by this Section after June 30, 2027.

1 Section 2. This Act shall become effective on July 1, 2024; if vetoed by the governor
 2 and subsequently approved by the legislature, this Act shall become effective on July 1,
 3 2024, or on the day following such approval by the legislature, whichever is later.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

HB 827 Engrossed

2024 Regular Session

Turner

Abstract: Revises provisions authorizing a sales and use tax rebate for purchases of certain communications industry equipment.

Present law provides that certain winning bidders in the Federal Communications Commission's Rural Digital Opportunity Fund Auction shall be eligible for a rebate of state and local sales and use taxes paid by those bidders on fiber-optic cable equipment used to distribute fixed and mobile broadband networks to eligible rural unserved areas in La. Establishes that the amount of the rebate is 50% of the sales and use tax paid by the bidder on fiber-optic cable equipment.

Proposed law repeals the authorization for a local sales and use tax rebate on the sale of certain communications equipment. Repeals corresponding provisions of present law relative to administration of the local sales and use tax rebate.

Proposed law repeals present law limiting eligibility for a sales and use tax rebate on purchases of certain communications equipment to winning bidders in the Rural Digital Opportunity Fund Auction held by the Federal Communications Commission.

Proposed law repeals from present law the defined term "fiber-optic cable equipment" and its corresponding definition.

Proposed law institutes the terms "broadband communications service", "communications provider", and "equipment used to provide broadband communications service" and defines those terms for purposes of proposed law.

Proposed law authorizes a rebate of state sales and use taxes paid by communications providers on purchases of equipment used to provide broadband communications services. Increases the rebate amount from 50% of state sales taxes paid on eligible purchases, as authorized in present law, to 100% of state sales taxes paid on such purchases.

Proposed law revises a prohibition in present law on rebates for purchases of fiber-optic cable equipment that are paid for with state or federal funds, with certain exceptions, to provide instead for a general prohibition on rebates for purchases of equipment paid for with state or federal funds.

Proposed law revises present law relative to administration of the state sales tax rebate by the Dept. of Revenue to require that the method for processing and paying rebate claims be established in administrative rules of the department. Authorizes the department to provide for a first-come, first-served system or other method which the department, in its discretion, may find beneficial for administration of the rebate.

Proposed law provides that in any fiscal year, the total amount of state sales and use tax rebates paid pursuant to proposed law shall not exceed \$15,000,000.

Proposed law stipulates that within the \$15,000,000 per fiscal year limit on rebates established by proposed law, the amount of rebates paid for purchases of equipment used to provide broadband communications service outside of an unserved area, as defined in present law, shall not exceed \$3,000,000 in any fiscal year. Provides that the purpose of this limitation is to reserve up to 80% of the total amount of authorized rebates as incentives for communications providers to furnish broadband communications service in unserved areas.

Proposed law stipulates that if the total amount of rebates requested for a fiscal year exceeds the \$15,000,000 limit or \$3,000,000 limit provided in proposed law, the excess shall be treated as having been requested on the first day of the subsequent fiscal year.

Proposed law prohibits the payment of any rebate authorized therein after June 30, 2027.

Effective July 1, 2024.

(Amends R.S. 47:305.73)

Summary of Amendments Adopted by House

The Committee Amendments Proposed by House Committee on Ways and Means to the original bill:

1. Repeal present law authorizing a local sales and use tax rebate on the sale of certain communications equipment. Repeal corresponding provisions of present law relative to administration of the local sales and use tax rebate.
2. Repeal present law limiting eligibility for a sales and use tax rebate on purchases of certain communications equipment to winning bidders in the Rural Digital Opportunity Fund Auction held by the Federal Communications Commission.
3. Repeal from present law the defined term "fiber-optic cable equipment" and its corresponding definition.
4. Institute the terms "broadband communications service", "communications provider", and "equipment used to provide broadband communications service" and define those terms for purposes of proposed law.
5. Authorize a rebate of state sales and use taxes paid by communications providers on purchases of equipment used to provide broadband communications services.
6. Increase the rebate amount authorized in present law from 50% of state sales taxes paid on eligible purchases to 100% of state sales taxes paid on such purchases.
7. Revise a prohibition in present law on rebates for purchases of fiber-optic cable equipment that are paid for with state or federal funds, except in cases where the state or federal funds are reported as taxable income or are structured as repayable loans. Provide instead for a general prohibition on rebates for purchases of equipment paid for with state or federal funds.
8. Revise present law relative to administration of the state sales tax rebate by the Dept. of Revenue to require that the method for processing and paying rebate claims be established in administrative rules of the department. Authorize the department to provide for a first-come, first-served system or other method which the department, in its discretion, may find beneficial for administration of the rebate.

9. Provide that in any fiscal year, the total amount of state sales and use tax rebates paid pursuant to proposed law shall not exceed \$15,000,000.
10. Stipulate that within the \$15,000,000 per fiscal year limit on rebates established by proposed law, the amount of rebates paid for purchases of equipment used to provide broadband communications service outside of an unserved area shall not exceed \$3,000,000 in any fiscal year. Provide that the purpose of this limitation is to reserve up to 80% of the total amount of authorized rebates as incentives for communications providers to furnish broadband communications service in unserved areas.
11. Stipulate that if the total amount of rebates requested for a fiscal year exceeds the \$15,000,000 limit or \$3,000,000 limit provided in proposed law, the excess shall be treated as having been requested on the first day of the subsequent fiscal year.
12. Prohibit the payment of any rebate authorized by proposed law after June 30, 2027.
13. Provide that proposed law shall become effective on July 1, 2024.
14. Make technical changes.