

GREEN SHEET REDIGEST

HB 69

2020 First Extraordinary Session

Deshotel

TAX/SALES-USE-EXEMPT: To provide for a sales and use tax exemption on the sale of certain fiber-optic cables. (Item #31)

DIGEST

Present law imposes state sales and use taxes on the sale, use, lease, or rental of tangible personal property pursuant to the following levies in the following amounts:

- R.S. 47:302 - 2%
- R.S. 47:321 - 1%
- R.S. 47:321.1 - .45%
- R.S. 47:331 - .97%
- R.S. 51:1286 - .03%

Present constitution provides that the governing authority of any local governmental subdivision or school board may levy and collect a sales and use tax on tangible personal property.

Proposed law authorizes a winning bidder that is awarded a census block in the Rural Digital Opportunity Fund Auction to claim a rebate of state and local sales and use taxes paid by the winning bidder on fiber-optic cable equipment used for broadband networks in unserved areas in La.

Proposed law provides that the amount of the rebate shall equal 50% of the sales and use tax paid by the winning bidder on fiber-optic cable equipment.

Proposed law identifies specific materials considered to be "fiber-optic cable equipment".

Proposed law defines an "unserved area" as an area that has internet service levels below the minimum acceptable level of fixed broadband service as defined in 7 U.S.C. 950bb(e)(1).

Proposed law limits eligibility for each item of fiber-optic cable equipment to a single rebate and prohibits eligibility on subsequent transactions involving the sale or resale of the same item of fiber-optic cable equipment.

Proposed law prohibits rebates for the purchases of fiber optic cable equipment that are paid for with state or federal funds, unless the state or federal funds are reported as taxable income or are structured as repayable loans.

Proposed law requires the claim for a state sales and use tax rebate be processed by the Dept. of Revenue. Proposed law further requires that the purchaser claiming the state rebate to submit specific documentation related to the fiber-optic cable equipment purchase as well as documentation evidencing the purchaser's status in the Rural Digital Opportunity Fund Auction.

Proposed law provides that the secretary of the Dept. of Revenue may promulgate rules to implement the rebate.

Proposed law requires the claim for a local sales and use tax rebate be processed by the appropriate local taxing authority. Proposed law further requires that the purchaser claiming the local rebate to submit specific documentation related to the fiber-optic cable equipment purchase as well as documentation evidencing the purchaser's status in the Rural Digital Opportunity Fund Auction.

Proposed law authorizes the Louisiana Uniform Local Sales Tax Board to promulgate rules and regulations necessary for the administration and implementation of proposed law.

Effective July 1, 2020.

(Adds 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. Add the fiber-optic sales and use tax exemption to the present law list of mandatory local sales and use tax exemptions.

The House Floor Amendments to the engrossed bill:

1. Change the instrument from one that authorizes a state and local sales and use tax exemption to one that authorizes a state and local sales and use tax rebate for specified fiber-optic cable equipment.

Summary of Amendments Adopted by Senate

Committee Amendments Proposed by Senate Committee on Revenue and Fiscal Affairs to the reengrossed bill

1. Clarifies that each item of fiber-optic cable equipment is limited to a single rebate and prohibits eligibility on subsequent transactions involving the sale or resale of the same item of fiber-optic cable equipment.
2. Adds provision prohibiting rebates for the purchases of fiber-optic cable equipment that are paid for with state or federal funds.
3. Authorizes the Louisiana Uniform Local Sales Tax Board to promulgate rules.
4. Provides for technical corrections.