

2020 First Extraordinary Session

HOUSE BILL NO. 69

BY REPRESENTATIVE DESHOTEL

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

1 AN ACT

2 To enact R.S. 47:305.73, relative to sales and use tax rebates; to provide for state and local
3 sales and use tax rebates for certain fiber-optic cables; to provide for limitations and
4 conditions; and to provide for related matters.

5 Be it enacted by the Legislature of Louisiana:

6 Section 1. R.S. 47:305.73 is hereby enacted to read as follows:

7 §305.73. Rebates; sales and use tax for fiber-optic cable equipment

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

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

16 (a) "Fiber-optic cable equipment" means:

17 (i) Telecommunications fiber.

18 (ii) Wires.

19 (iii) Poles.

20 (iv) Supports.

1 (v) Lashing cable.

2 (vi) Conduit.

3 (vii) Hand holes.

4 (vii) Customer premise equipment.

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

8 (3) The rebate authorized by this Section shall apply only to the first
9 purchase of each enumerated item by an individual taxpayer. Each subsequent
10 purchase of any enumerated item by the same taxpayer shall not be eligible for the
11 rebate.

12 B. Requests for the rebates of state sales and use taxes pursuant to the
13 provisions of this Section shall be processed by the Department of Revenue. A
14 purchaser shall claim a state rebate using the form and in the manner prescribed by
15 the Department of Revenue. The purchaser who claims a rebate shall submit
16 documentation to the secretary of the Department of Revenue evidencing the
17 purchase of fiber-optic cable equipment and documentation evidencing the purchaser
18 is a winning bidder that was awarded a census block by the Federal Communications
19 Commission in the Rural Digital Opportunity Fund Auction. The secretary of the
20 Department of Revenue shall promulgate rules in accordance with the Administrative
21 Procedure Act as are necessary to implement the provisions of this Section, including
22 rules to provide for the form and manner for claiming a rebate.

23 C. Requests for the rebate of local sales and use taxes pursuant to the
24 provisions of this Section shall be processed by the appropriate local taxing
25 authority. A purchaser shall claim a local rebate using the form and in the manner
26 required by the local taxing authority. The purchaser who claims the rebate shall
27 submit documentation to the local taxing authority evidencing the purchase of fiber-
28 optic cable equipment and documentation evidencing the purchaser is a winning

- 1 bidder that was awarded a census block by the Federal Communications Commission
 2 in the Rural Digital Opportunity Fund Auction.
 3 Section 2. This Act shall become effective on July 1, 2020.

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 69 Reengrossed

2020 First Extraordinary Session

Deshotel

Abstract: Authorizes a state and local sales and use tax rebate on fiber-optic cable equipment used to distribute fixed and mobile broadband networks to eligible rural unserved areas in Louisiana.

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 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 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 the rebate to only the first purchase of each item considered to be "fiber-optic cable equipment".

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 shall 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.

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.