
DIGEST

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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.