

**BILL SUMMARY**  
1<sup>st</sup> Session of the 58<sup>th</sup> Legislature

<b>Bill No.:</b>	<b>HB 2946</b>
<b>Version:</b>	<b>CS</b>
<b>Request Number:</b>	
<b>Author:</b>	<b>Rep. Wallace</b>
<b>Date:</b>	<b>5/17/2021</b>
<b>Impact:</b>	<b>Sales Tax Exemption</b>

**Exemption Administered as a Rebate**

**Requires Certain Verifications**

**Rebates:**  
**FY-23: Maximum of \$42,000,000**  
**Population Density Allocation**

**FY-24: Maximum of \$42,000,000**  
**Based on Incentive Award Formula**

**Research Analysis**

Pending

Prepared By: House Research Staff

**Fiscal Analysis**

The measure provides a sales tax exemption, in the form of rebates, on sales of qualifying broadband equipment. The equipment subject to exemption is set forth in the measure with specific equipment for specific network structures.

Claims for rebates will be approved only if the equipment was purchased to establish or expand broadband services in underserved or unserved areas and the claimant establishes that as a result of the equipment purchase there is net growth in the number of potential customers served in the underserved or unserved areas,

For tax year 2022, total rebates will not exceed \$420,000,000, with \$31,500,000 being reserved for eligible projects in counties having a population density of fewer than 100 persons per square mile. The remaining \$10,500,000 is reserved for eligible projects located in counties with a population density of 100 persons or more per square mile.

For tax year 2023 and subsequent years rebates are capped at \$42,000,000. The allocations will be made using an incentive award formula as enacted into law by the Legislature after recommendation by the Rural Broadband Expansion Council.

Actual effect on sales tax revenue for fiscal years beginning with FY-23 will depend on the amount of rebates qualifying and rebates paid during a fiscal year.

Prepared By: Mark Tygret

**Other Considerations**

None.

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