

HB451 INTRODUCED



1 HB451
2 BYHZVQJ-1
3 By Representative Woods
4 RFD: Ways and Means Education
5 First Read: 19-Mar-25



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SYNOPSIS:

Under existing law, the state imposes sales or use taxes upon the purchase of certain items. Counties and municipalities impose additional sales and use taxes. The purchase of certain items are exempt from these taxes.

This bill would establish the Alabama Broadband Investment Maximization Act to exempt the purchase of broadband equipment and supplies from sales and use tax.

A BILL
TO BE ENTITLED
AN ACT

Relating to taxation; to establish the Alabama Broadband Investment Maximization Act; to exempt the purchase of broadband equipment and supplies from sales and use tax.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. This act shall be known and be cited as the Alabama Broadband Investment Maximization Act.

Section 2. (a) The gross receipts derived from the sale of equipment, machinery, software, ancillary components, appurtenances, accessories, or other infrastructure that is



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29 used in whole or in part to: (i) produce broadband
30 communications services, including broadcasting, distributing,
31 sending, receiving, storing, transmitting, retransmitting,
32 amplifying, switching, providing connectivity for, or routing
33 communications services; or (ii) provide Internet access are
34 exempt from the state sales and use taxes provided for in
35 Sections 40-23-2 and 40-23-61, Code of Alabama 1975.

36 (b) This section does not apply to the retail sale of
37 personal consumer electronics, including, but not limited to,
38 smartphones, computers and tablets, and consumer-grade modems
39 and WiFi routers.

40 (c) For the purpose of this section, the following
41 terms and phrases have the following meanings:

42 (1) BROADBAND COMMUNICATIONS SERVICES.

43 Telecommunication services, mobile telecommunication services,
44 video programming services, or direct-to-home satellite
45 television programming services.

46 (2) EQUIPMENT. Includes, but is not limited to, wires,
47 cables, fiber, conduits, antennas, poles, switches, routers,
48 amplifiers, rectifiers, repeaters, receivers, multiplexers,
49 duplexers, transmitters, circuit cards, insulating and
50 protective materials and cases, power equipment, backup power
51 equipment, diagnostic equipment, storage devices, modems, and
52 other general central office or headend equipment, such as
53 channel cards, frames, and cabinets, or equipment used in
54 successor technologies, including items used to monitor, test,
55 maintain, enable, or facilitate qualifying equipment,
56 machinery, software, ancillary components, appurtenances,



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57 accessories, or other infrastructure that is used in whole or
58 in part to provide broadband communications services or
59 Internet access.

60 (3) INTERNET ACCESS. A service that enables users to
61 connect to the Internet to access content, information, or
62 other services offered over the Internet, including:

63 a. The purchase, use, or sale of telecommunications by
64 a provider of Internet access to the extent the
65 telecommunications are purchased, used, or sold to provide the
66 Internet access service or otherwise enable users to access
67 content, information, or other services offered over the
68 Internet.

69 b. Services that are incidental to the provision of
70 Internet access when furnished to users as part of the
71 Internet access service, such as a homepage, email and instant
72 messaging, to include voice-capable and video-capable email
73 and instant messaging, video clips, and personal electronic
74 storage capacity.

75 c. A homepage, email and instant messaging, to include
76 voice-capable and video-capable email and instant messaging,
77 video clips, and personal electronic storage capacity, that
78 are provided independently or packaged with Internet access;
79 and

80 d. Does not include voice, audio, or video programming,
81 or other products and services that utilize Internet protocol
82 or a successor protocol and for which there is a charge,
83 regardless of whether the charge is separately stated or
84 aggregated with the charge for services for Internet access.



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85 (d) The exemption provided in this section shall not
86 apply to county or municipal sales or use taxes unless
87 approved by resolution or ordinance adopted by the local
88 governing body.

89 (e) The exemption provided pursuant to this section
90 shall be available from September 1, 2025, to August 31, 2028.

91 Section 3. This act shall become effective on June 1,
92 2025.