

HB4 ENGROSSED



1 HB4
2 KH7JRA5-2
3 By Representatives Kiel, Brinyark, Faulkner, Kirkland, Rigsby,
4 Lomax, Colvin, Stubbs
5 RFD: Ways and Means Education
6 First Read: 13-Jan-26
7 PFD: 25-Jun-25



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A BILL
TO BE ENTITLED
AN ACT

Relating to taxation; to establish the Alabama
Broadband Investment Maximization Act; to exempt purchases of
broadband equipment and supplies from projects funded or
administered by the Alabama Department of Economic and
Community Affairs 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, with a
useful life of at least ten years, that is used in whole or in
part to: (i) produce broadband communications services,
including broadcasting, distributing, sending, receiving,
storing, transmitting, retransmitting, amplifying, switching,
providing connectivity for, or routing communications
services; or (ii) provide Internet access are exempt from the
state sales and use taxes provided for in Sections 40-23-2 and
40-23-61, Code of Alabama 1975.

(b) The exemption provided by this section shall only



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29 apply to purchases made pursuant to a project funded or
30 administered by the Alabama Department of Economic and
31 Community Affairs.

32 (c) The Department of Revenue may adopt rules to
33 implement and administer this section.

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

38 (e) For the purpose of this section, the following
39 terms and phrases have the following meanings:

40 (1) BROADBAND COMMUNICATIONS SERVICES.

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

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



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57 Internet access. In order to qualify for the exemption,
58 equipment must have a useful life of at least ten years.

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

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

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

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

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

84 (f) Any county or municipality may exempt the gross



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85 proceeds from the sale of broadband equipment and supplies
86 provided pursuant to this section from county or municipal
87 sales and use taxes in accordance with Section 40-23-4.01,
88 Code of Alabama 1975.

89 (g) The exemption provided pursuant to this section
90 shall be available from September 1, 2026, to August 31, 2029.

91 Section 3. This act shall become effective on June 1,
92 2026.



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House of Representatives

96 Read for the first time and referred13-Jan-26
97 to the House of Representatives
98 committee on Ways and Means
99 Education
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101 Read for the second time and placed05-Feb-26
102 on the calendar:
103 0 amendments
104
105 Read for the third time and passed24-Feb-26
106 as amended
107 Yeas 103
108 Nays 0
109 Abstains 0
110
111
112 John Treadwell
113 Clerk
114