

HB4 INTRODUCED



1 HB4
2 4UZAK33-1
3 By Representatives Woods, Brinyark, Faulkner, Kirkland,
4 Rigsby, Lomax, Colvin, Stubbs
5 RFD: Ways and Means Education
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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 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.

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.



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Section 2. (a) The gross receipts derived from the sale of equipment, machinery, software, ancillary components, appurtenances, accessories, or other infrastructure 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 apply to purchases made pursuant to a project funded or administered by the Alabama Department of Economic and Community Affairs.

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

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

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

(1) BROADBAND COMMUNICATIONS SERVICES. Telecommunication services, mobile telecommunication services, video programming services, or direct-to-home satellite television programming services.

(2) EQUIPMENT. Includes, but is not limited to, wires, cables, fiber, conduits, antennas, poles, switches, routers,



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amplifiers, rectifiers, repeaters, receivers, multiplexers, duplexers, transmitters, circuit cards, insulating and protective materials and cases, power equipment, backup power equipment, diagnostic equipment, storage devices, modems, and other general central office or headend equipment, such as channel cards, frames, and cabinets, or equipment used in successor technologies, including items used to monitor, test, maintain, enable, or facilitate qualifying equipment, machinery, software, ancillary components, appurtenances, accessories, or other infrastructure that is used in whole or in part to provide broadband communications services or Internet access.

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

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

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

c. A homepage, email, and instant messaging, to include



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voice-capable and video-capable email and instant messaging, video clips, and personal electronic storage capacity, that are provided independently or packaged with Internet access; and

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

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

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

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