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4 SYNOPSIS:

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

10 This bill would establish the Alabama Broadband
11 Investment Maximization Act to exempt purchases of
12 broadband equipment and supplies from projects funded
13 or administered by the Alabama Department of Economic
14 and Community Affairs from sales and use tax.

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17 A BILL

18 TO BE ENTITLED

19 AN ACT

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21 Relating to taxation; to establish the Alabama
22 Broadband Investment Maximization Act; to exempt purchases of
23 broadband equipment and supplies from projects funded or
24 administered by the Alabama Department of Economic and
25 Community Affairs from sales and use tax.

26 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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



29 Section 2. (a) The gross receipts derived from the sale
30 of equipment, machinery, software, ancillary components,
31 appurtenances, accessories, or other infrastructure, with a
32 useful life of at least ten years, that is used in whole or in
33 part to: (i) produce broadband communications services,
34 including broadcasting, distributing, sending, receiving,
35 storing, transmitting, retransmitting, amplifying, switching,
36 providing connectivity for, or routing communications
37 services; or (ii) provide Internet access are exempt from the
38 state sales and use taxes provided for in Sections 40-23-2 and
39 40-23-61, Code of Alabama 1975.

40 (b) The exemption provided by this section shall only
41 apply to purchases made pursuant to a project funded or
42 administered by the Alabama Department of Economic and
43 Community Affairs.

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

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

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

52 (1) BROADBAND COMMUNICATIONS SERVICES.

53 Telecommunication services, mobile telecommunication services,
54 video programming services, or direct-to-home satellite
55 television programming services.

56 (2) EQUIPMENT. Includes, but is not limited to, wires,



57 cables, fiber, conduits, antennas, poles, switches, routers,
58 amplifiers, rectifiers, repeaters, receivers, multiplexers,
59 duplexers, transmitters, circuit cards, insulating and
60 protective materials and cases, power equipment, backup power
61 equipment, diagnostic equipment, storage devices, modems, and
62 other general central office or headend equipment, such as
63 channel cards, frames, and cabinets, or equipment used in
64 successor technologies, including items used to monitor, test,
65 maintain, enable, or facilitate qualifying equipment,
66 machinery, software, ancillary components, appurtenances,
67 accessories, or other infrastructure that is used in whole or
68 in part to provide broadband communications services or
69 Internet access. In order to qualify for the exemption,
70 equipment must have a useful life of at least ten years.

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

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

80 b. Services that are incidental to the provision of
81 Internet access when furnished to users as part of the
82 Internet access service, such as a homepage, email, and
83 instant messaging, to include voice-capable and video-capable
84 email and instant messaging, video clips, and personal



85 electronic storage capacity;

86 c. A homepage, email, and instant messaging, to include
87 voice-capable and video-capable email and instant messaging,
88 video clips, and personal electronic storage capacity, that
89 are provided independently or packaged with Internet access;
90 and

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

96 (f) Any county or municipality may exempt the gross
97 proceeds from the sale of broadband equipment and supplies
98 provided pursuant to this section from county or municipal
99 sales and use taxes in accordance with Section 40-23-4.01,
100 Code of Alabama 1975.

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

103 Section 3. This act shall become effective on June 1,
104 2026.