



April 22, 2024

The Honorable Julie Emerson
Chair, House Ways, and Means Committee
306 North Church Street
Carencro, LA 70520

Dear Chair Emerson and Members of the House Ways, and Means Committee:

On behalf of CTIA®, the trade association for the wireless communications industry, I write to express our support of HB 827, legislation that would allow more of every dollar invested in broadband networks by all broadband providers to go toward network equipment instead of a portion being diverted to pay state sales taxes.

Expanding broadband access to unserved and underserved areas in Louisiana presents a considerable financial challenge. Currently, we are benefiting from a federal investment aimed at bridging the digital divide in some of the nation's most underserved areas. Louisiana has been awarded \$177 million in federal funding to bolster broadband infrastructure, with an additional \$1.35 billion anticipated through the Broadband Equity Access and Deployment program. We recognize Louisiana's proactive stance in leveraging federal resources to enhance broadband connectivity, positioning it among the leaders in swiftly making the most of this opportunity.

During the 2020 special session, the Louisiana Legislature passed HB 69, a narrowly scoped law enabling a 50% rebate on state and local sales taxes for specific broadband network equipment purchased by recipients of federal Rural Digital Opportunity funds. However, in FY 21, FY 22, and FY 23, no taxpayers availed themselves of this rebate, as reported in the state's Tax Exemption Budget for 2022-2023 issued by the Department of Revenue. The law's restrictions have hindered broadband providers from claiming these rebates. The proposed legislation seeks to modernize this rebate program by transitioning it from a 50% rebate on state and local sales taxes to a full 100% rebate solely on state sales tax for qualified broadband network equipment.

Louisiana finds itself in a competitive landscape with other states striving to attract private sector network investment. For instance, Mississippi offers exemptions from both sales taxes and property taxes on broadband network equipment, while Texas grants a prorated refund of state sales taxes paid on such equipment. Virginia has also broadened its limited broadband network exemption to cover all broadband network equipment. Consequently, a dollar invested in these states yields more benefits compared to a dollar invested in Louisiana. HB 827 aims to address this gap and level the playing field.

Louisiana currently has strong tax policies that are favorable to business and investment, particularly in sectors like manufacturing, refining, and other capital-intensive industries. For instance, manufacturing machinery and equipment have exemptions from both state and local sales and use taxes. Given the substantial and continuous capital investment required for upgrading and maintaining broadband networks and recognizing broadband as essential infrastructure for the 21st-century economy, providing a rebate on state sales taxes for broadband network investment would align the state closer to the pro-investment tax policies already established for other capital-intensive industries.



Apart from contributing to the broader state economy, this legislation will also offer advantages to local governments in Louisiana through two channels. Firstly, the augmented network expenditure resulting from the rebates will boost local sales taxes collected on network equipment purchases. Additionally, the introduction of new equipment will lead to increased property taxes. Secondly, as a greater number of Louisiana businesses and residents in underserved regions gain access to broadband, it will stimulate overall economic activity in these previously neglected areas.

Accordingly, CTIA respectfully requests your support of HB 827.

Sincerely,

Annissa Reed

Annissa Reed

Director, State and Local Affairs