



93RD GENERAL ASSEMBLY
State of Illinois
2003 and 2004

Introduced 02/09/04, by John E. Bradley

SYNOPSIS AS INTRODUCED:

35 ILCS 5/216 new

Amends the Illinois Income Tax Act. Provides an income tax credit, for 5 taxable years, for providing broadband Internet access. Provides that the "current generation" broadband credit for any taxable year shall equal 10% of the qualified expenditures incurred with respect to qualified equipment offering current generation broadband services to rural subscribers or underserved subscribers and taken into account with respect to such taxable year and that the next generation broadband credit for any taxable year shall equal 20% of the qualified expenditures incurred with respect to qualified equipment offering next generation broadband services to all rural subscribers, all underserved subscribers, or any other residential subscribers and taken into account with respect to such taxable year. Provides that the total credit allowed for all taxpayers in any taxable year shall not exceed \$750,000. Effective immediately.

LRB093 16212 SJM 41845 b

FISCAL NOTE ACT
MAY APPLY

1 AN ACT concerning taxes.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Illinois Income Tax Act is amended by adding
5 Section 216 as follows:

6 (35 ILCS 5/216 new)

7 Sec. 216. Broadband Internet access tax credit.

8 (a) As used in this Section:

9 "Current generation broadband service" means the
10 transmission of signals at a rate of at least 1,500,000 bits
11 per second to the subscriber and at least 200,000 bits per
12 second from the subscriber.

13 "Next generation broadband service" means the transmission
14 of signals at a rate of at least 22,000,000 bits per second to
15 the subscriber and at least 10,000,000 bits per second from the
16 subscriber.

17 "Nonresidential subscriber" means a person or entity that
18 purchases broadband services that are delivered to the
19 permanent place of business of such person or entity.

20 "Qualified equipment" means equipment capable of providing
21 current generation broadband services or next generation
22 broadband services at any time to each subscriber who is
23 utilizing such services.

24 "Qualified expenditure" means any amount chargeable to
25 capital account with respect to the purchase and installation
26 of qualified equipment, including any upgrades thereto, for
27 which depreciation is allowable under Section 168 of the
28 Internal Revenue Code.

29 "Residential subscriber" means an individual who purchases
30 broadband services that are delivered to that individual's
31 dwelling.

32 "Rural subscriber" means a residential subscriber residing

1 in a dwelling located in a rural area or nonresidential
2 subscriber maintaining a permanent place of business located in
3 a rural area.

4 "Rural area" means any census tract that (i) is not within
5 10 miles of any incorporated or census designated place
6 containing more than 25,000 people, and (ii) is not within a
7 county or county equivalent that has an overall population
8 density of more than 500 people per square mile of land.

9 "Subscriber" means a person who purchases current
10 generation broadband services or next generation broadband
11 services.

12 "Underserved subscriber" means a residential subscriber
13 residing in a dwelling located in an underserved area or
14 nonresidential subscriber maintaining a permanent place of
15 business located in an underserved area.

16 "Underserved area" means any census tract (i) the poverty
17 level of which is at least 30% based on the most recent census
18 data, (ii) the median family income of which does not exceed
19 (a) in the case of a census tract located in a metropolitan
20 statistical area, 70% of the greater of the metropolitan area
21 median family income or the statewide median family income, and
22 (b) in the case of a census tract located in a nonmetropolitan
23 statistical area, 70% of the nonmetropolitan statewide median
24 family income.

25 (b) For taxable years beginning on or after January 1, 2004
26 but before January 1, 2009, a taxpayer shall be allowed a
27 credit against the taxes imposed by subsections (a) and (b) of
28 Section 201 as set forth in this Section for the purpose of
29 accelerating deployment of (i) current generation broadband
30 access to the Internet for users located in certain low income
31 and rural areas and (ii) next generation broadband access for
32 all Illinoisans. The tax credit for any taxable year shall
33 equal the sum of (a) the current generation broadband credit,
34 plus (b) the next generation broadband credit.

35 (c) For purposes of this Section, the current generation
36 broadband credit for any taxable year shall equal 10% of the

1 qualified expenditures incurred with respect to qualified
2 equipment offering current generation broadband services to
3 rural subscribers or underserved subscribers and taken into
4 account with respect to such taxable year. The next generation
5 broadband credit for any taxable year shall equal 20% of the
6 qualified expenditures incurred with respect to qualified
7 equipment offering next generation broadband services to all
8 rural subscribers, all underserved subscribers, or any other
9 residential subscribers and taken into account with respect to
10 such taxable year.

11 (d) For purposes of this Section, the offer of current
12 generation broadband services or next generation broadband
13 services through qualified equipment occurs when such class of
14 service is purchased by and provided to at least 10% of the
15 subscribers described in subsection (c) that such equipment is
16 capable of serving through the legal or contractual area access
17 rights or obligations of the taxpayer.

18 (e) The total credit allowed under this Section for all
19 taxpayers in any taxable year shall not exceed \$750,000. If the
20 amount of credits otherwise allowable under this Section exceed
21 the \$750,000 limit for any taxable year, such credits shall be
22 allocated to taxpayers on a pro rata basis by the Department of
23 Revenue.

24 (f) The amount of any credit attributable to a partnership,
25 electing small business corporation (S corporation), or
26 limited liability company shall be allocated to the individual
27 partners, shareholders, or members, respectively, in
28 proportion to their ownership or interest in such business
29 entities.

30 (g) If the amount of the credit exceeds the tax liability
31 for the year, the excess may not be carried forward or back to
32 apply to the tax liability of any other taxable year.

33 Section 99. Effective date. This Act takes effect upon
34 becoming law.