



Broadband Equipment Rebate Incentive Report



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Broadband Equipment Rebate Report

Introduction

The Broadband Equipment Rebate (the Rebate) (Oklahoma Statute Chapter 68, section 1357.21) was passed in 2021 to enable the Oklahoma Tax Commission (OTC) to incentivize the continued investment in broadband equipment and the expansion in high-speed internet services that it represents.

Statute enables the creation of a sales tax rebate program. Companies would track how much they paid in sales tax on equipment throughout the year and mark this on their annual tax form with a cash rebate available. Rebates were permissible beginning on July 1st, 2022, and there is a cap of \$42 million annually with \$31.5 million designated for projects in counties with less than 100 people per square mile. Individual rebate figures may be lowered to a pro rata share of what is allowed if the claims exceed this cap.

Requirements

To qualify for the rebate, a company must show that the equipment purchase contributed to a net increase in the number of potential customers served in underserved or unserved areas. Equipment for related activities that might support an increase such as office, marketing, warehousing, and other expenses do not qualify. Companies are not entitled to the full amount of qualifying expenses in rebate, as there is a statutory cap of \$42 million established, including \$31.5 million which must be rebated to equipment purchases serving lower-population-density counties.

Projects and conclusion

To this point, no rebate claims have been audited or completed. First, because statute did not provide a funding mechanism. The amount that could be funded and how to calculate the individual awards was included, but not where the money itself would come from. Second, no explicit guidance on how to approve or disprove claims was provided. Broad qualifying categories were listed but nothing specific enough to build a program around.

Currently, the Legislature is working on fixes for both, including bringing the Oklahoma Broadband Office (OBO) into the process to perform actual claims reviews, but this has not been passed into statute yet. At this time, no projects have been completed, but the OBO is including an inventory form for each project, so they can track equipment purchases in real-time. This will help ensure an accurate list for future reports. The Oklahoma Department of Commerce, the OBO, and the OTC are hopeful that there will be more to report next year, provided that additional statute is passed.

Sources

The information found in this report or used to calculate what is found in this report came from the sources listed below:

- Oklahoma Broadband Equipment Rebate legislation
- Oklahoma Broadband Office programmatic information
- Oklahoma Tax Commission programmatic information