

DECISION MEMORANDUM

TO: COMMISSIONER KJELLANDER
COMMISSIONER RAPER
COMMISSIONER ANDERSON
COMMISSION SECRETARY
LEGAL
WORKING FILE

FROM: DANIEL KLEIN

DATE: OCTOBER 7, 2021

RE: THE 2020 BROADBAND EQUIPMENT TAX CREDIT APPLICATION
FOR LEADER COMMUNICATIONS, LLC; CASE NO. GNR-T-21-09.

BACKGROUND

In 2001, House Bill 377 was enacted authorizing income tax credit for the installation of qualifying broadband infrastructure in Idaho. *Idaho Code* § 63-3029B(3)(a)(ii). In particular, Section 63-3029I allows a taxpayer to receive an investment tax credit for eligible broadband equipment installed during a calendar year.

Qualified broadband equipment is defined as “those network facilities capable of transmitting signals at a rate of at least 200,000 bits per seconds (bps) to a subscriber and at least 125,000 bps from a subscriber.” *Idaho Code* § 63-329I(3)(b). If the equipment is installed by a telecommunications carrier, it must also be “necessary to the provision of broadband services and an integral part of a broadband network.” *Idaho Code* § 63-3029I(3)(b)(i). To be eligible for the tax credit, the taxpayer must obtain from the Commission an Order confirming that the installed equipment meets the statutory definition of qualified broadband equipment. Procedural Order No. 28784 and *Idaho Code* § 63-3029I(4). Once the Commission has determined the installed equipment is eligible for the broadband equipment tax credit, an order along with the original Application is forwarded to the Idaho Tax Commission.

THE APPLICATION

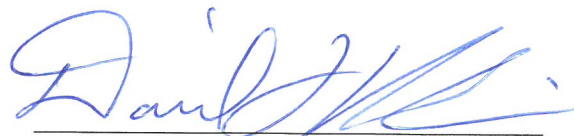
On August 30, 2021, the Commission received an Application from Leader Communications LLC (“Leader” or “Company”), seeking approval of the equipment for the broadband tax credit installed during calendar year 2020. In the Application, Leader states that it installed equipment associated with “delivering broadband internet to the residents and businesses of Benewah, Latah, Clearwater, Nez Perce, and Kootenai counties via wireless microwave and some with fiber optics.” Leader discloses that its broadband network has data transmission rates between 1 and 2Mbps for subscriber downloads and uploads, which exceeds the required rates of 200,000 bits per second to a subscriber and 125,000 bits per second from a subscriber. The Company asserts that 16% of its potential Idaho subscribers have taken their broadband service. Leader invested approximately \$213,810.75 in 2020 in qualifying broadband equipment that it confirms is integral to the broadband network.

STAFF REVIEW AND RECOMMENDATION

Staff has reviewed and audited the list of proposed broadband equipment and believes the identified equipment qualifies for the investment tax credit pursuant to Procedural Order No. 28784 and *Idaho Code* § 63-3029I(3)(b). Staff, therefore, recommends that the Commission issue an Order confirming the equipment is qualified broadband equipment and forward the approving Order along with a copy of the original Application to the Idaho Tax Commission.

COMMISSION DECISION

Does the Commission wish to issue an Order confirming the equipment identified in Case No. GNR-T-21-09 is qualified broadband equipment as defined in *Idaho Code* § 63-3029I(3)(b) and forward it to the Idaho Tax Commission?



Daniel Klein