

## DECISION MEMORANDUM

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

**FROM:** GRACE SEAMAN

**DATE:** MARCH 10, 2016

**RE:** FATBEAM LLC'S 2015 BROADBAND EQUIPMENT TAX CREDIT  
APPLICATION; CASE NO. FZ4-T-16-01

### 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* § 63-3029I(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 itemized 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 March 2, 2016, the Commission received an Application from Fatbeam, LLC (“Fatbeam” or “Company”) seeking approval of equipment for the broadband tax credit for calendar year 2015. Fatbeam is an Idaho registered competitive local exchange carrier. In the


Application, Fatbeam states that it installed equipment associated with Lit Ethernet and dark fiber services with minimum transmission rates of one (1) Gigabits per second (Gbps) to and from subscribers; significantly faster than the transmission rates required in *Idaho Code* § 63-3029I(3)(b). The Company specifies that it deployed broadband services in the Bingham, Kootenai, and Power counties and asserts that 100% of its customers can be served by the broadband network. During 2015, Fatbeam invested approximately \$427,100 in qualifying broadband equipment.

### STAFF REVIEW AND RECOMMENDATION

Staff has reviewed the list of proposed broadband equipment submitted by Fatbeam and believes the identified equipment qualifies for the investment tax credit pursuant to Procedural Order No. 28784 and *Idaho Code* § 63-3029I(3)(b)(i). Staff also believes that the expenditures identified by the Company, a telecommunications carrier, were for equipment that is “necessary for the provision of broadband services and an integral part of a broadband network.” Staff, therefore, recommends that the Commission issue an Order confirming the equipment is qualified broadband equipment and forward the approving Order along with the 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 this Application is qualified broadband equipment as defined in *Idaho Code* § 63-3029I(3)(b), and forward it to the Idaho Tax Commission?

  
Grace Seaman

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