

DECISION MEMORANDUM

**TO: COMMISSIONER REDFORD
COMMISSIONER SMITH
COMMISSIONER KEMPTON
COMMISSION SECRETARY
LEGAL
WORKING FILE**

FROM: GRACE SEAMAN

DATE: JUNE 11, 2008

**RE: 2007 BROADBAND EQUIPMENT TAX CREDIT FOR SILVER
STAR AND COLUMBINE TELEPHONE COS.; CASE NOS.
SIL-T-08-01 AND COL-T-08-01.**

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). To be eligible for the broadband equipment tax credit, the taxpayer must obtain from the Commission an Order confirming that installed equipment qualifies for capital investment credit. Procedural Order No. 28784 and *Idaho Code* § 63-3029I(4).

DISCUSSION

On May 12, 2008, the Commission received Applications from Silver Star Telephone Co., Inc, (Silver Star) and Columbine Telephone Co., Inc., dba Silver Star Communications (Columbine) seeking approval of equipment for the broadband tax credit. The broadband investments were made during calendar year 2007. Both Companies state it installed fiber optic cables and central office and outside equipment to offer Asymmetric Digital Subscriber Line (ADSL), Symmetrical Digital Subscriber Line

(SDSL) and Trunk level 1 (T-1) services at network transmission rates of between 256 Kbps and 4 Mbps upstream and between 256Kpbs and 9Mbps downstream to customers. Silver Star states that it provides 129 out of 619 possible customers with broadband service in the counties of Bonneville and Wayan. Columbine states it provides 2244 out of 4467 possible customers with broadband service in Teton County. Silver Star's 2007 broadband investment was approximately \$155,600 and Columbine's 2007 broadband investment was approximately \$1,655,000.

STAFF REVIEW AND RECOMMENDATION

Staff has reviewed the list of proposed broadband equipment submitted by Silver Star and Columbine and believes the equipment identified meets the statutory requirements for the investment tax credit pursuant to Procedural Order No. 28784 and *Idaho Code* § 63-3029I(3)(b). Staff also believes that the expenditures identified by the Companies, were for equipment that is "necessary for the provision of broadband services and an integral part of a broadband network." Staff, therefore, recommends acceptance of the Application and further recommends that the Commission forward the approving Order along with a copy of the original Application to the Idaho Tax Commission.

COMMISSION DECISION

Does the Commission wish to accept Silver Star and Columbine's Applications for the broadband investment tax credit?


Grace Seaman

gseaman/udmemos/silverstar columbine broadband