

DECISION MEMORANDUM

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

FROM: GRACE SEAMAN

DATE: FEBRUARY 9, 2010

RE: SYRINGA NETWORK, LLC 2010 BROADBAND EQUIPMENT TAX
CREDIT; CASE NO. SZ9-T-11-01.

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).

THE APPLICATION

On January 20, 2010, the Commission received an Application from Syringa Networks, LLC (Syringa) seeking approval of equipment for the broadband tax credit for calendar year 2010. Syringa states it is a provider of wholesale broadband telecommunications and other telecommunications services in southern Idaho. In the Application, Syringa lists its investments which include fiber optic facilities, ATM switches, SONET multiplexers, Dense Wave Divisional multiplexers (DWDM), Multi-Protocol Linking System (MPLS), engineering and


other equipment associated with the broadband network. Syringa states that, on average, the transmission rate of its network is above 10 gigabits per second. Syringa reports investments of approximately \$4,000,000 in qualifying broadband equipment for the 2010 calendar year.

STAFF REVIEW AND RECOMMENDATION

Staff has reviewed the list of proposed broadband equipment submitted by Syringa and believes the identified equipment qualifies for the investment tax credit pursuant to Procedural Order No. 28784 and *Idaho Code* § 63-3029I(3)(b). Further, Staff believes that the expenditures identified by Syringa, a telecommunications provider, 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 Case No. SZ9-T-11-01 is qualified broadband equipment as defined in *Idaho Code* § 63-3029I(3)(b)(i), and forward it to the Idaho Tax Commission?


Grace Seaman

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