

KANSAS OFFICE *of*  
**REVISOR *of* STATUTES**

LEGISLATURE *of* THE STATE *of* KANSAS  
*Legislative Attorneys transforming ideas into legislation.*

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300 SW TENTH AVENUE ■ SUITE 24-E ■ TOPEKA, KS 66612 ■ (785) 296-2321

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**MEMORANDUM**

To: House Committee on Energy, Utilities and Telecommunications  
From: Matt Sterling, Assistant Revisor of Statutes  
Date: February 5, 2018  
RE: House Bill 2515

House Bill 2515 would allow any taxpayer that holds certificated telephone service territory in a rural area to release those customers through filing with the Kansas Corporation Commission to be eligible for a tax deduction. The deduction would be from the taxpayer's Kansas adjusted gross income in an amount equal to the amount of the value of the existing customers in that area.

The valuation of the tax deduction available to the taxpayer would be the sum of the net cash flow of each customer within the service territory to the taxpayer for the previous five years and the state assessed value of the infrastructure serving those customers. The taxpayer could take 20% of the value for five consecutive years, after the application is approved.

The taxpayer would negotiate with a provider of broadband service that is willing to serve the rural area and provide broadband service to continue serving the existing customers until the necessary infrastructure was installed.

Broadband service would be defined as service with at least: 25 megabits per second download speeds, 3 megabits upload speeds, an average latency of 100 milliseconds or less, and a minimum monthly data allowance of 150 gigabytes. Rural area would be defined as any county with an average population density of less than 100 people per square mile that is either not served by any broadband service or less than 10% of the county has access to broadband service.