



---

# ROB SUMMERFIELD

STATE REPRESENTATIVE • 67<sup>th</sup> ASSEMBLY DISTRICT  
MAJORITY CAUCUS CHAIR

August 30, 2023

Representative Macco, Chair  
Members of the Assembly Committee on Ways and Means

## Testimony on 2023 Assembly Bill 272

*Relating to: an income and franchise tax exemption for broadband expansion grants.*

Chairman Macco and Committee Members:

Thank you for providing me with the opportunity to testify at today's public hearing on Assembly Bill 272. I appreciate your time and consideration of this legislation.

This bill is critically important to ensuring federal dollars that are designated for broadband expansion are used wisely and to the fullest extent.

Current law exempts income received through federal broadband expansion grants from the federal Coronavirus Relief Fund from state income taxes. AB 272 would make that tax exemption permanent for all federal broadband grants and also exempt state broadband funding from income taxes. Wisconsin is going to receive approximately one billion federal dollars from the Broadband Equity, Access, and Deployment (BEAD) Program for broadband expansion. Wisconsin's corporate tax rate is currently at 7.9%. According to a memo from the Legislative Fiscal Bureau, this bill would allow companies to put roughly \$72 million more dollars into broadband than they would have otherwise had to pay in taxes.

Two Amendments have been introduced to the bill. Assembly Amendment 1 is a technical change that was requested by the Department of Revenue. Assembly Amendment 2 would extend the benefit of the exemption to include any broadband expansion contributions received directly from local governments toward a broadband project.

This bill would allow us to make an even larger investment into broadband expansion and allow more households to get connected to faster internet. Broadband connection is critical for economic development and modernization in today's environment. It helps connect individuals with their workplace, education, healthcare providers, and much of today's economy.

These additional dollars will help the state continue to build on our progress in expanding broadband access around the state. I ask that you join me in supporting this bill.



---

# Romaine Robert Quinn

---

STATE SENATOR • 25<sup>TH</sup> SENATE DISTRICT

From: Senator Romaine Robert Quinn  
To: Assembly Committee on Ways and Means  
Re: Testimony on Assembly Bill 272  
Relating to: an income and franchise tax exemption for broadband expansion grants  
Date: August 30, 2023

Thank you Chairman Macco and committee members for receiving my testimony today.

As you know, I represent portions of ten counties in rural northwest Wisconsin. Large swaths of those counties, representing hundreds of square miles where my constituents live, do not have adequate internet infrastructure. Broadband expansion, especially to rural areas is fundamentally important to local economies, education, and way of life for Wisconsin residents.

Every one of the counties in the district I represent has received a federal or state broadband grant over the past decade. For as long as I've been in the State Legislature, I have tried to direct the resources we have in Madison to be used in the field to get projects funded and built in a timely manner.

The companies building out our broadband infrastructure receive money from the government to do a job. They then repay a portion of that money back to Madison as taxes without it ever being used for any type of construction. This dilutes the effectiveness of every broadband grant award.

Current law exempts income received through federal broadband expansion grants from the federal Coronavirus Relief Fund from state income taxes. Wisconsin received \$4.9 million through this program. Now our state will soon be receiving over \$1 billion in funding through the federal BEAD program. We should do all we can to ensure every dollar of that new funding gets our constituents the broadband they have been asking for.

Assembly Bill 272 exempts from state income taxes income that is received in a grant from the state or federal government for broadband expansion in this state. This will ensure that the dollars allocated to broadband will stretch further and reach more unserved customers.

Representative Summerfield and I have introduced two amendments to the bill. Assembly Amendment 1 seeks to include an exemption for local government contributions to broadband expansion grant projects so that the benefit of the bill is extended to include local partnerships as well.

Assembly Amendment 2 includes technical changes in working with the Department of Revenue to conform Internal Revenue Code definitions.

Thank you again for your consideration on this legislation and I urge your support of AB 272.

---



**KAREN HURD**  
STATE REPRESENTATIVE • 68<sup>TH</sup> ASSEMBLY DISTRICT

---

Assembly Bill 272  
Public Testimony  
Ways and Means Committee  
August 30, 2023

Thank you, Chair Macco, Vice-chair Brooks and members of the committee for holding this hearing.

AB 272 is a common sense bill. When state or federal money is given as a grant for broadband expansion in Wisconsin, it does not serve the full purpose of providing aid for the needed broadband expansion when that money is taxed as income or in the form of a franchise tax. In the case of a state grant, it is nonsensical to claw back a portion of the money in the form of taxes under the guise of an income or franchise tax. The money is granted so that as much work can be accomplished in expanding broadband. It's cheating ourselves under the cover of a premise that the receiving organization needs to account for the grant as income. It's equivalent to giving a Christmas gift, but then taking part of it back. It's not really as much of a gift or as helpful as it could have been. It is not such a Merry Christmas after all; and is, in fact, equivalent to being a two-faced stingy scrooge. If the state is going to give the grant, then give the grant without expecting a portion of it to come back to the state in an alias form.

In the case of a federal grant, the full amount of grant money should be utilized for the intended purpose. As the federal government has allocated the money for the specific purpose of broadband expansion, then let us use it the way it was gifted and not take a portion of it for the state in the form of income or franchise tax to be repurposed. Bottom line: the state of Wisconsin needs the money for broadband expansion.

Thank you for your time. I am happy to answer any questions the committee may have.