



Romaine Robert Quinn

STATE SENATOR • 25TH SENATE DISTRICT

From: Senator Romaine Robert Quinn
To: Senate Committee on Universities and Revenue
Re: Testimony on Senate Bill 266
Relating to: an income and franchise tax exemption for broadband expansion grants
Date: August 17, 2023

Thank you Chairman Hutton 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.

Senate Bill 266 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.

I have introduced two amendments to the bill. Senate Amendment 1, includes technical changes in working with the Department of Revenue to conform Internal Revenue Code definitions.

Senate Amendment 2 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.

Thank you again for your time today and I would be happy to follow up with anyone who might have questions.



ROB SUMMERFIELD

STATE REPRESENTATIVE • 67th ASSEMBLY DISTRICT
MAJORITY CAUCUS CHAIR

August 17, 2023

Senator Hutton, Chair
Members of the Senate Committee on Universities and Revenue

Testimony on 2023 Senate Bill 266

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

Chairman Hutton and Committee Members:

Thank you Chairman Hutton and committee members for hearing Senate Bill (SB) 266, relating to an income and franchise tax exemption for broadband expansion grants.

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

Under current law, income received through federal broadband expansion grants from the federal Coronavirus Relief Fund is exempt from state income and franchise taxes. SB 266 would make that tax exemption permanent for all federal broadband grants and also exempt state broadband funding from income and franchise taxes.

Wisconsin is going to receive approximately one billion federal dollars from the Broadband Equity, Access, and Deployment (BEAD) Program for broadband expansion. With the state corporate tax rate being 7.9%, this bill would allow companies to put roughly \$79 million more dollars into broadband that they would have otherwise had to pay in taxes.

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.



Aug. 11, 2023

TO: Senate Committee on Universities and Revenue
FROM: Tom Still, president, Wisconsin Technology Council
RE: Senate Bill 266

The Wisconsin Technology Council stands in support of SB 266, which would extend the state's ability to make full use of Wisconsin of the anticipated \$1.055 billion in federal aid through the Broadband Equity, Access and Deployment program. Wisconsin can stretch those dollars an estimated \$83 million further if the BEAD broadband expansion grants are not subject to Wisconsin's 7.9% corporate income tax rate.

The Tech Council's support for broadband expansion -- especially in rural areas of the state -- dates back nearly to our 2001 inception as a bipartisan advisor to state government.

Consider this passage from our 2007-08 "white papers" report to the governor and the Legislature, which captures the essence of why SB 266 should be adopted.

"Wisconsin is still a state of small towns and rural communities. Some of these areas lack the critical mass of people, institutions and capital to easily attract high-tech businesses. But that does not mean they are bereft of assets. Rural communities and small cities can offer a quality of life that is attractive to many workers. They can supply highly motivated workers with a commitment to quality. They can offer lower business costs for land and construction. For rural Wisconsin to prosper in the real-time economy, however, it must fully participate in the global communications revolution. State laws governing broadband investment ... should more closely mirror those in surrounding states as well as federal requirements. Significant departures from laws in other jurisdictions could slow the deployment of broadband, especially in rural areas."

The full rollout of broadband in Wisconsin has waited long enough. Some of the roadblocks identified in the Tech Council's 2007 report are still present; meanwhile, other states are finding ways to move ahead and to take full advantage of their BEAD grants.

Given the amount of physical work involved in such a rollout, Wisconsin should remove as many barriers as possible now. Lost state tax revenue will be recouped over time by the economic activity near-universal broadband will unlock. The Tech Council supports SB 266 and urges committee approval.

Sincerely,

A handwritten signature in black ink, appearing to read "Thomas W. Still", written in a cursive style.

Tom Still, president



To: Chairman Hutton and Senate Committee on Universities and Revenue
From: Angie Dickison, Manager of State Government Affairs
Kit Beyer, Director of External Affairs and Communications
Date: August 17, 2023
Re: Support for Senate Bill 266

Chairman Hutton and members of the Senate Committee on Universities and Revenue, thank you for holding a public hearing today on Senate Bill 266, an income and franchise tax exemption for broadband expansion grants. TDS Telecommunications LLC (TDS ®) would like to register its strong support in favor of the legislation. The proposal, once enacted, would assist internet service providers and the state in its efforts to close the digital divide by allowing grant resources to be used entirely for the desired result: bringing needed broadband to Wisconsinites!

TDS is a Madison, Wisconsin-based company that has been doing business in the Badger State for more than 50 years. The company started as a small group of telephone companies and is now a national leader in fiber deployment with 1.2 million connections in 32 states. TDS has customers in more than 100 Wisconsin communities and is rapidly expanding its fiber footprint in the state.

TDS delivers high-speed internet, TV entertainment, and phone services to a mix of rural and suburban communities. Powered by fiber optics and new industry-leading technologies, TDS offers up to 8 Gigabit internet speeds and provides internet-protocol-based TV entertainment solutions along with traditional phone services to residential customers and up to 10 Gigabit internet speeds to businesses.

Our mission is to create a better world by providing high-quality communication services – connecting people and businesses, supporting education, and strengthening communities. TDS is committed to providing communication technologies to rural Wisconsin. For decades, the company has worked with the state to bring broadband to the unserved and underserved areas and TDS is a proven and trusted partner. We welcome additional opportunities to bring fiber technology to hard-to-reach homes and businesses.

As a state and federal partner, TDS believes it is of paramount importance to be a good steward of taxpayer dollars. As we build out fiber internet networks, our leaders continuously look for ways to lower deployment costs for the company's aggressive fiber network expansion to maximize the impact of state and federal programs. Through our innovative build strategies, we are reaching more homes and businesses, making the most of private and public investments.

As state and federal governments embark on this critical effort to address the country's broadband needs, billions of dollars will be flowing into states including Wisconsin. We would ask these tax dollars be used entirely for the sole purpose of connecting homes and businesses to high-speed internet and quality communication services. This legislation would allow for the funds to be allocated completely for this shared goal of digital access for all Wisconsinites.

Thank you for your time and interest in broadband access and deployment in Wisconsin. We look forward to continuing to assist the state's efforts to bridge the digital gaps across the Badger State.



**Bill Esbeck, Executive Director
Wisconsin State Telecommunications Association
Testimony in Support of Senate Bill 266
Senate Committee on Universities and Revenue
August 17, 2023**

Chair Hutton and members of the committee, thank you for the opportunity to testify in support of Senate Bill 266.

My name is Bill Esbeck, and I am the executive director of the Wisconsin State Telecommunications Association.

With me today are De Anna Westphal and Preston Pearson, both employees of Mosaic Technologies in Cameron, WI.

I want to thank and recognize Senator Quinn and Representative Summerfield for their support of broadband expansion and their willingness to author this legislation. I also want to thank Senator James and Senator Nass for their support as cosponsors of SB 266.

In my testimony, I am going to share brief background on WSTA, our members, and Wisconsin's efforts to expand broadband service to unserved and underserved locations.

WSTA was incorporated in 1910, and we currently represent 36 telecommunications companies operating 70 broadband service providers.

Many of our members offer fiber-fed gigabit broadband options (1 Gbps equals 1000 Mbps) in addition to traditional voice service and digital video products.

WSTA members are successful partners with the state in rural broadband expansion. Since FY2014, our members account for more than half (57%) of the grants and almost two-thirds (63%) of the funds from state and federally supported grant cycles. WSTA members are matching grant awards with their private sector capital and completing projects on time.

Earlier this year, we learned that the federal Broadband Equity, Access, and Deployment (BEAD) program will allocate an additional \$1.055 billion in funds for rural broadband expansion in Wisconsin.

However, without the proposed changes in SB 266, the federal BEAD funding will be subject to Wisconsin's 7.9% corporate income tax rate.

As proposed in SB 266, an income tax exemption on the federal BEAD funds can stretch those resources an additional \$83 million further.

As introduced, SB 266 will also exempt state funding for broadband expansion from Wisconsin's corporate income tax.

Significantly, the competitive nature of the BEAD program and the state level Broadband Expansion Grant Program will ensure the income tax savings are used for additional broadband investments.

Two amendments to the bill have been introduced by Senator Quinn:

- Senate Amendment 1 to Senate Bill 266 is technical in nature and was requested by DOR.
- Senate Amendment 2 to Senate Bill 266 expands the applicability of the income tax exemption to include local funds contributed toward a broadband expansion project.

Thank you for your time and attention this morning.

I ask that you support SB 266 and exempt funding for broadband expansion from Wisconsin's corporate income tax.

If there are no immediate questions, I will now ask De Anna and Preston to offer their testimony.

Please contact Bill Esbeck at bill.esbeck@wsta.info with any questions.