

**2019 DRAFTING REQUEST**

**Bill**

For: **Romaine Quinn (608) 266-2519** Drafter: **elunder**  
 By: **Steven** Secondary Drafters:  
 Date: **2/14/2019** May Contact:  
 Same as LRB: **-3510**

Submit via email: **YES**  
 Requester's email: **Rep.Quinn@legis.wisconsin.gov**  
 Carbon copy (CC) to: **erika.lunder@legis.wisconsin.gov**  
**joseph.kreye@legis.wisconsin.gov**  
**Vincent.Williams@legis.wisconsin.gov**

**Pre Topic:**

No specific pre topic given

**Topic:**

Property tax exemption for broadband services

**Instructions:**

See attached

**Drafting History:**

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	elunder 2/26/2019	ccarmich 3/1/2019			
/P1	elunder 3/13/2019	lparisi 3/13/2019	dwalker 3/1/2019		State
/P2	elunder 5/13/2019	ccarmich 5/15/2019	lparisi 3/13/2019		State
/P3			lparisi 5/15/2019		State

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/1			dwalker 7/3/2019	dwalker 7/3/2019	State

FE Sent For:

2  
at  
intro

<END>

## Lunder, Erika

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**From:** Schwerbel, Steven  
**Sent:** Friday, February 22, 2019 1:59 PM  
**To:** Lunder, Erika  
**Subject:** RE: Tax exemption on telecommunications equipment

Hi Erika—

We intended to create the exemption for property used to provide internet to rural/ underserved areas. Thanks!

Steven Schwerbel  
*Office of Rep. Romaine Quinn*  
Ph. 608.266.2519  
[Steven.Schwerbel@legis.wisconsin.gov](mailto:Steven.Schwerbel@legis.wisconsin.gov)

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**From:** Lunder, Erika <[Erika.Lunder@legis.wisconsin.gov](mailto:Erika.Lunder@legis.wisconsin.gov)>  
**Sent:** Friday, February 22, 2019 12:19 PM  
**To:** Schwerbel, Steven <[Steven.Schwerbel@legis.wisconsin.gov](mailto:Steven.Schwerbel@legis.wisconsin.gov)>  
**Subject:** FW: Tax exemption on telecommunications equipment

Hello,

I'm working on this draft and have a quick question. The attachment includes two proposals: (1) a tax exemption for property used to provide broadband services and (2) a tax exemption for property used to provide broadband to rural and/or underserved areas. Which option did you want? That is, did you want the bill's exemption limited to rural and/or underserved areas?

Please feel free to call if you'd like to discuss: 608-504-5819

Thank you!  
Erika

Erika Lunder  
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Wisconsin Legislative Reference Bureau  
P.O. Box 2037  
Madison, WI 53701-2037  
(608) 504-5819  
[erika.lunder@legis.wisconsin.gov](mailto:erika.lunder@legis.wisconsin.gov)

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**From:** Schwerbel, Steven <[Steven.Schwerbel@legis.wisconsin.gov](mailto:Steven.Schwerbel@legis.wisconsin.gov)>  
**Sent:** Thursday, February 14, 2019 1:42 PM  
**To:** Shovers, Marc <[Marc.Shovers@legis.wisconsin.gov](mailto:Marc.Shovers@legis.wisconsin.gov)>  
**Subject:** Tax exemption on telecommunications equipment

Hi Marc—

Wondering if you could take a look at the attached and help us get a bill draft ready. Thanks!

Steven Schwerbel

*Office of Rep. Romaine Quinn*

Ph. 608.266.2519

[Steven.Schwerbel@legis.wisconsin.gov](mailto:Steven.Schwerbel@legis.wisconsin.gov)



Wisconsin property taxes are generally assessed and collected at the local level. However, the telephone company property tax is a state levy on the real and tangible personal property used in providing telecommunication services. The tax is designed to approximate the local property tax that would be levied on telephone property if telephone property were subject to local property tax. Telephone property is assessed by the Wisconsin Department of Revenue (DOR) and is taxed at the prior year's net property tax rate of the taxing jurisdiction in which the telephone property is located.

This statute imposes the telephone company property tax:

**76.81 Imposition.** There is imposed a tax on the real property of, and the tangible personal property of, every telephone company, excluding property that is exempt from the property tax under s. 70.11 (39) and (39m), motor vehicles that are exempt under s. 70.112 (5), property that is used less than 50 percent in the operation of a telephone company, as provided under s. 70.112 (4) (b), and treatment plant and pollution abatement equipment that is exempt under s. 70.11 (21). Except as provided in s. 76.815, the rate for the tax imposed on each description of real property and on each item of tangible personal property is the net rate for the prior year for the tax under ch. 70 in the taxing jurisdictions where the description or item is located. The real and tangible personal property of a telephone company shall be assessed as provided under s. 70.112 (4) (b).

**History:** 1995 a. 351; 1997 a. 237; 2001 a. 16; 2007 a. 19.

### **Proposal**

Telephone company property installed after January 1, 2019 used for the provision of broadband service, defined as service of at least 25Mbps download and 3Mbps upload, is eligible for an exemption to the property taxes imposed in Section 76.81.

The property tax exemption will only apply in the following scenarios:

- A telephone company is making investments which provide underserved areas with broadband service of at least 25Mbps/3Mbps. For purposes of the exemption for new investment, an underserved area is defined as an area without wired service of 25Mbps/3Mbps from two providers.
- A telephone company is making broadband capable investments (i.e. at least 25Mbps/3Mbps) in a rural area. For purposes of this section, the Wisconsin state statute 231.35(1)(d) definition of rural will apply: "Rural" means outside a metropolitan statistical area specified under 42 CFR 412.62 (ii) (A) [42 CFR 412.62 (f) (ii) (A)] or in a city, village or town with a population of not more than 14,000.

The proposed exemption would phase in gradually as companies make new broadband capable investments. The total state revenues from telephone company property taxes in FY2017 State property tax was \$70.8 million. Additional information is being gathered from DOR to help develop an estimate of the annual fiscal impact.

**76.80 Definitions.** In this subchapter:

(1) "Broadband service" means an Internet access service of at least 25Mbps download and 3Mbps upload.

~~(1)~~ (2) "Department" means the department of revenue.

(3) "Rural" means outside a metropolitan statistical area specified under 42 CFR 412.62 (f) (ii) (A) or in a city, village, or town with a population of not more than 14,000.

~~(3)~~ (4) "Telecommunications services" means the transmission of voice, video, facsimile or data messages, including telegraph messages, except that "telecommunications services" does not include video service, as defined in s. 66.0420 (2) (y), radio, one-way radio paging or transmitting messages incidental to transient occupancy in hotels, as defined in s. 97.01 (7).  
76.80(4).

~~(4)~~ (5) "Telephone company" means any person that provides to another person telecommunications services, including the resale of services provided by another telephone company. "Telephone company" does not include a person who operates a private shared telecommunications system, as defined in s. 196.201 (1), and who is not otherwise a telephone company.

(6) "Underserved area" means a geographic area of this state as determined by a telephone company: (a) that is the subject of a project by the telephone company to provide broadband service; and (b) includes a geographic location where wired broadband service is not available from at least 2 providers.

**76.81 Imposition.** There is imposed a tax on the real property of, and the tangible personal property of, every telephone company, excluding property that is exempt from the property tax under s. 70.11 (39) and (39m), excluding property exempt from property tax under s. 76.813, motor vehicles that are exempt under s. 70.112 (5), property that is used less than 50 percent in the operation of a telephone company, as provided under s. 70.112 (4) (b), and treatment plant and pollution abatement equipment that is exempt under s. 70.11 (21). Except as provided in s. 76.815, the rate for the tax imposed on each description of real property and on each item of tangible personal property is the net rate for the prior year for the tax under ch. 70 in the taxing jurisdictions where the description or item is located. The real and tangible personal property of a telephone company shall be assessed as provided under s. 70.112 (4) (b).

**76.813 Property exempt from taxation.** Tangible personal property is exempt from property taxes under s. 76.81, if installed after January 1, 2019, and used for either of the following purposes:

- a. To provide broadband service to an underserved area.
- b. To provide broadband service to a rural area.

**76.80 Definitions.** In this subchapter:

(1) "Broadband service" means an Internet access service of at least 25Mbps download and 3Mbps upload.

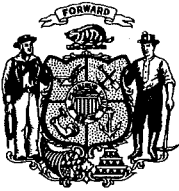
~~(1)~~ (2) "Department" means the department of revenue.

(3) "Telecommunications services" means the transmission of voice, video, facsimile or data messages, including telegraph messages, except that "telecommunications services" does not include video service, as defined in s. 66.0420 (2) (y), radio, one-way radio paging or transmitting messages incidental to transient occupancy in hotels, as defined in s. 97.01 (7). 76.80(4).

(4) "Telephone company" means any person that provides to another person telecommunications services, including the resale of services provided by another telephone company. "Telephone company" does not include a person who operates a private shared telecommunications system, as defined in s. 196.201 (1), and who is not otherwise a telephone company.

**76.81 Imposition.** There is imposed a tax on the real property of, and the tangible personal property of, every telephone company, excluding property that is exempt from the property tax under s. 70.11 (39) and (39m), excluding property exempt from property tax under s. 76.813, motor vehicles that are exempt under s. 70.112 (5), property that is used less than 50 percent in the operation of a telephone company, as provided under s. 70.112 (4) (b), and treatment plant and pollution abatement equipment that is exempt under s. 70.11 (21). Except as provided in s. 76.815, the rate for the tax imposed on each description of real property and on each item of tangible personal property is the net rate for the prior year for the tax under ch. 70 in the taxing jurisdictions where the description or item is located. The real and tangible personal property of a telephone company shall be assessed as provided under s. 70.112 (4) (b).

**76.813 Property exempt from taxation.** Tangible personal property is exempt from property taxes under s. 76.81, if installed after January 1, 2019 and used to provide broadband service.



**PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION**

IN: 2/25

DVE: 3/1

S/A ✓  
X-ref ✓  
S/C ✓

gc ✓

- 1 AN ACT ...; relating to: telephone company tax exemption for property used to
- 2 provide broadband service.

***Analysis by the Legislative Reference Bureau***

This bill exempts property used to provide broadband service to a rural or underserved area from the telephone company tax that is paid by telephone companies in lieu of the general property tax. The property must be installed after January 1, 2019, and be used to provide Internet access service at a download speed of at least 25 megabits per second and an upload speed of at least three megabits per second. Under the bill, an "underserved area" is any area in the state served by fewer than two broadband service providers, and a "rural area" is any area in the state that is located outside a federal metropolitan statistical area or is located in a city, village, or town with a population of not more than 14,000.

Because this bill relates to an exemption from state or local taxes, it may be referred to the Joint Survey Committee on Tax Exemptions for a report to be printed as an appendix to the bill.

For further information see the **state** fiscal estimate, which will be printed as an appendix to this bill.

***The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:***

3

SECTION 1. 76.80 (2), (2m) and (5) of the statutes are created to read:



1 *Switch*  
*order* 76.80 (2) "Rural area" means an area in this state that is located outside a  
2 federal metropolitan statistical area or is located in a city, village, or town with a  
3 population of not more than 14,000.

4 (2m) "Qualified broadband service property" means tangible personal property  
5 that is installed after January 1, 2019, and is used to provide Internet access service  
6 to an underserved or rural area at a download speed of at least 25 megabits per  
7 second and an upload speed of at least 3 megabits per second.

8 (5) "Underserved area" means an area in this state in which Internet access  
9 service at a download speed of at least 25 megabits per second and an upload speed  
10 of at least 3 megabits per second is not available from at least 2 providers.

11 SECTION 2. 76.81 of the statutes is amended to read:

12 **76.81 Imposition.** There is imposed a tax on the real property of, and the  
13 tangible personal property of, every telephone company, excluding property that is  
14 exempt from the property tax under s. 70.11 (39) and (39m), motor vehicles that are  
15 exempt under s. 70.112 (5), property that is used less than 50 percent in the operation  
16 of a telephone company, as provided under s. 70.112 (4) (b), and treatment plant and  
17 pollution abatement equipment that is exempt under s. 70.11 (21), and qualified  
18 broadband service property. Except as provided in s. 76.815, the rate for the tax  
19 imposed on each description of real property and on each item of tangible personal  
20 property is the net rate for the prior year for the tax under ch. 70 in the taxing  
21 jurisdictions where the description or item is located. The real and tangible personal  
22 property of a telephone company shall be assessed as provided under s. 70.112 (4) (b).

*History* 1995 a. 351; 1997 a. 237; 2001 a. 16; 2007 a. 19.

23 SECTION 3. Initial applicability.



**Lunder, Erika**

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**From:** Schwerbel, Steven  
**Sent:** Thursday, March 7, 2019 4:59 PM  
**To:** Lunder, Erika  
**Subject:** LRB-2053/P1

Hi Erika—

I wanted to add a couple more questions for the /P2 if I could – 1.) I'd like to include a mechanism to increase the minimum speed threshold in the bill (25 up/ 3 down) to go up if and when the FTC changes the definition of high-speed internet, and 2.) could you remind me if our definition of "underserved area" in the bill lines up with other definitions in statute for "underserved areas"? I believe it does, but I'd like to double-check.

Thanks!

Steven Schwerbel  
Office of Rep. Romaine Quinn  
Ph. 608.266.2519  
Steven.Schwerbel@legis.wisconsin.gov

call w/ Steven

3/11

- only apply to wire in the ground + fixed wireless
- 2. above: keep as is, but add note

3/12 -

go ahead with /p2

WISCONSIN LEGISLATIVE REFERENCE BUREAU

Information Services 608-266-0341—Legal Services 608-266-3561



323 N

3/15

LRB-2053

\*add Vince

Steven

- delete reference to fixed wireless & modify "underserved" definition to refer to "2 wired service providers"
- keep FCC provision

- add depreciation provision
  - currently 17 yr depreciation schedule (DOR)
  - change to 8 year & then phase-out tax

## Lunder, Erika

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**From:** Schwerbel, Steven  
**Sent:** Tuesday, April 30, 2019 4:45 PM  
**To:** Lunder, Erika  
**Subject:** RE: LRB-2053/P1

Hi Erika—

I'm sorry it's taken so long to get back to you; I think I've had the conversations I need on my end. Our folks seem to think the following would be helpful:

### Definitions

- Qualified broadband service property: Adding this to the end of the definition on page 2, line 5 – “or tangible personal property installed prior to January 1, 2019 used to provide internet access to a rural area at a download speed of at least 25Mbps and an upload speed or at least 3Mbps.”
- Rural Area: Outside a federal MSA or in a community of less than 14,000 as of the 2010 census (if there is any delay in passing this initiative, investments made in the last ten years shouldn't be impacted by the 2020 census if that pushes them above 14,000 – so locking in the 2010 census and resulting MSAs will prevent that issue).
- Underserved Area: 25Mbps/3Mbps not available from at least 2 wired providers.

With those changes to the definitions, I think the s. 76.81 Imposition section in P1 will work.

I'm also wondering if we're creating a standard here where a provider could qualify for the depreciation schedule, but then “un-qualify” based on the population size changing or another provider coming into the territory. Should we look at locking some of these things in such that if a provider puts fiber in the ground under a qualifying situation and qualifies for the depreciation schedule, they can't fall back out if, say, a 3<sup>rd</sup> provider comes into the area.

Thanks for working through this with us!

-S

↑  
discussed  
5/10

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**From:** Lunder, Erika <Erika.Lunder@legis.wisconsin.gov>  
**Sent:** Tuesday, April 02, 2019 3:09 PM  
**To:** Schwerbel, Steven <Steven.Schwerbel@legis.wisconsin.gov>  
**Subject:** LRB-2053/P1

Hello,

Below are the drafting options we discussed that provide a phase-out/exemption for older property similar to the 8-year depreciation idea, but avoid the potential drafting issues with phasing out the tax through the depreciation tables. In the below options, “qualified property” means property that meets the rural/underserved criteria and the minimum speed requirement.

1. Delete the requirement in the current draft that qualified property be installed after January 1, 2019. Under this option, all qualified property would qualify for the exemption beginning in 2020, regardless of when it was installed.
2. Phase-out the tax over an 8-year period for property installed prior to January 2, 2019. Under this option, qualified property installed after January 1, 2019, would qualify for the full exemption beginning in 2020; older

qualified property would be taxed at ever-decreasing amounts for 8 years; and the tax would be completely phased out for all qualified property after 8 years.

3. Sunset the tax for older qualified property in X number of years, for example, 5 years. Under this option, qualified property installed after January 1, 2019, would qualify for the full exemption in 2020, while older qualified property would pay the full tax for the specified number of years and then qualify for the full exemption.

These are just some potential ways to think about how a phase out/exemption for the older property could be drafted. Please do not hesitate to contact me with any questions or if you'd like to discuss further.

Sincerely,  
Erika

Erika Lunder  
Legislative Attorney  
Wisconsin Legislative Reference Bureau  
(608) 504-5819



State of Wisconsin  
2019 - 2020 LEGISLATURE

LRB-2053/P1

EKL:cdc

(P2)  
+ LF

**PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION**

IN: 3/13  
DVE: 3/13

1 AN ACT *to amend* 76.81; and *to create* 76.80 (2), (2m) and (5) of the statutes;  
2 relating to: telephone company tax exemption for property used to provide  
3 broadband service.

***Analysis by the Legislative Reference Bureau***

This bill exempts property used to provide broadband service to a rural or underserved area from the telephone company tax that is paid by telephone companies in lieu of the general property tax. The property must be installed after January 1, 2019, and be used to provide Internet access service at a download speed of at least 25 megabits per second and an upload speed of at least three megabits per second. Under the bill, an "underserved area" is any area in the state served by fewer than two broadband service providers, and a "rural area" is any area in the state that is located outside a federal metropolitan statistical area or is located in a city, village, or town with a population of not more than 14,000.

qualified

INS-A

Because this bill relates to an exemption from state or local taxes, it may be referred to the Joint Survey Committee on Tax Exemptions for a report to be printed as an appendix to the bill.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

***The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:***

SECTION 1

(2f) ↑

qualified

1 SECTION 1. 76.80 (2), (2m) and (5) of the statutes are created to read:

2 76.80 (2) "Qualified broadband service property" means tangible personal  
3 property that is installed after January 1, 2019, and is used to provide Internet  
4 access service to an underserved or rural area at a download speed of at least 25  
5 megabits per second and an upload speed of at least 3 megabits per second.

INS 2-6 →

6 (2m) "Rural area" means an area in this state that is located outside a federal  
7 metropolitan statistical area or is located in a city, village, or town with a population  
8 of not more than 14,000.

9 (5) "Underserved area" means an area in this state in which Internet access  
10 service at a download speed of at least 25 megabits per second and an upload speed  
11 of at least 3 megabits per second is not available from at least 2 providers.

INS 2-12 →

12 SECTION 2. 76.81 of the statutes is amended to read:

13 76.81 Imposition. There is imposed a tax on the real property of, and the  
14 tangible personal property of, every telephone company, excluding property that is  
15 exempt from the property tax under s. 70.11 (39) and (39m), motor vehicles that are  
16 exempt under s. 70.112 (5), property that is used less than 50 percent in the operation  
17 of a telephone company, as provided under s. 70.112 (4) (b), and treatment plant and  
18 pollution abatement equipment that is exempt under s. 70.11 (21), and qualified  
19 broadband service property. Except as provided in s. 76.815, the rate for the tax  
20 imposed on each description of real property and on each item of tangible personal  
21 property is the net rate for the prior year for the tax under ch. 70 in the taxing  
22 jurisdictions where the description or item is located. The real and tangible personal  
23 property of a telephone company shall be assessed as provided under s. 70.112 (4) (b).

24 SECTION 3. Initial applicability.





**2019-2020 DRAFTING INSERT**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRB-2053/P1ins  
EKL:cde

1           INS-A

2           The bill defines “qualified Internet access service” to mean certain fixed  
3 wireless or wired service that is provided at a download speed of at least 25 megabits  
4 per second and an upload speed of at least 3 megabits per second, or at higher speeds  
5 designated by the Federal Communications Commission.

6           INS 2-6

7           **(2f)** “Qualified Internet access service” means Internet access service that is  
8 all of the following:

9           (a) Fixed wireless service or wired service. For purposes of this paragraph,  
10 “fixed wireless service” has the meaning given in s. 77.51 (3rn), except that it does  
11 not include mobile wireless service, as defined in s. 77.51 (7k), or telecommunications  
12 services, as defined in s. 77.51 (21n), transmitted through the use of satellite.

13           (b) Provided at actual speeds that meet or exceed the higher of the following  
14 thresholds:

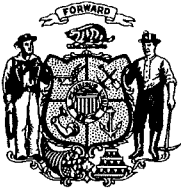
15           1. A download speed of 25 megabits per second and an upload speed of 3  
16 megabits per second.

17           2. The download and upload speed benchmarks for fixed services as designated  
18 by the federal communications commission in its inquiries regarding advanced  
19 telecommunications capability under 47 USC 1302 (b).

20           INS 2-12

\*\*\*\*NOTE: Is this definition consistent with your intent? One option is to modify the definition by replacing “area” with “census block.” Census blocks, which are the smallest geographic units designated by the U.S. Census Bureau, are used by the Federal Communications Commission when measuring national Internet access coverage and by the Wisconsin Public Service Commission when determining eligibility for its broadband expansion grant program. If “census block” is used, one consideration might be whether to allow an area other than a census block to also be recognized as “underserved.” For

example, PSC's grant application defines "underserved" to mean "an area delimited by a census block boundary as defined by the US Department of Commerce, that is served by fewer than 2 broadband service providers, or an area that an applicant has demonstrated in its application is underserved notwithstanding the fact that the proposed service area lies within a census block that has been designated as served."



State of Wisconsin  
2019 - 2020 LEGISLATURE

LRB-2053/P2  
EKL:cdc&kjf

P3

**PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION**

IN: 5/13  
DUE: 5/15

1 **AN ACT to amend** 76.81; and **to create** 76.80 (2), (2f), (2m) and (5) of the statutes;  
2 **relating to:** telephone company tax exemption for property used to provide  
3 broadband service.

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***Analysis by the Legislative Reference Bureau***

INS A-1 → This bill exempts property used to provide broadband service to a rural or underserved area from the telephone company tax that is paid by telephone companies in lieu of the general property tax. The property must be installed after January 1, 2019, and be used to provide “qualified Internet access service.” The bill defines “qualified Internet access service” to mean certain fixed wireless or wired service that is provided at a download speed of at least 25 megabits per second and an upload speed of at least 3 megabits per second, or at higher speeds designated by the Federal Communications Commission. Under the bill, an “underserved area” is any area in the state served by fewer than two broadband service providers, and a “rural area” is any area in the state that is located outside a federal metropolitan statistical area or is located in a city, village, or town with a population of not more than 14,000. ↑

wired

INS A-2 → Because this bill relates to an exemption from state or local taxes, it may be referred to the Joint Survey Committee on Tax Exemptions for a report to be printed as an appendix to the bill.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

*The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:*

1           **SECTION 1.** 76.80 (2), (2f), (2m) and (5) of the statutes are created to read:

2           76.80 (2) "Qualified broadband service property" means tangible personal  
3 property that is installed after January 1, 2019, and is used to provide qualified  
4 Internet access service to an underserved or rural area.

5           (2f) "Qualified Internet access service" means Internet access service that is  
6 all of the following:

7           (a) Fixed wireless service or wired service. For purposes of this paragraph,  
8 "fixed wireless service" has the meaning given in s. 77.51 (3m), except that it does  
9 not include mobile wireless service, as defined in s. 77.51 (7k), or telecommunications  
10 services, as defined in s. 77.51 (21n), transmitted through the use of satellite.

11           (b) Provided at actual speeds that meet or exceed the higher of the following  
12 thresholds:

13           1. A download speed of 25 megabits per second and an upload speed of 3  
14 megabits per second.

15           2. The download and upload speed benchmarks for fixed services as designated  
16 by the federal communications commission in its inquiries regarding advanced  
17 telecommunications capability under 47 USC 1302 (b).

18           (2m) "Rural area" means an area in this state that is located outside a federal  
19 metropolitan statistical area or is located in a city, village, or town with a population  
20 of not more than 14,000.

INS 2-13 →

INS 2-20 ↗

1  
2

(5) "Underserved area" means an area in this state in which qualified Internet access service is not available from at least 2 providers. wired

\*\*\*\*NOTE: Is this definition consistent with your intent? One option is to modify the definition by replacing "area" with "census block." Census blocks, which are the smallest geographic units designated by the U.S. Census Bureau, are used by the Federal Communications Commission when measuring national Internet access coverage and by the Wisconsin Public Service Commission when determining eligibility for its broadband expansion grant program. If "census block" is used, one consideration might be whether to allow an area other than a census block to also be recognized as "underserved." For example, PSC's grant application defines "underserved" to mean "an area delimited by a census block boundary as defined by the US Department of Commerce, that is served by fewer than 2 broadband service providers, or an area that an applicant has demonstrated in its application is underserved notwithstanding the fact that the proposed service area lies within a census block that has been designated as served."

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**SECTION 2.** 76.81 of the statutes is amended to read:

**76.81 Imposition.** There is imposed a tax on the real property of, and the tangible personal property of, every telephone company, excluding property that is exempt from the property tax under s. 70.11 (39) and (39m), motor vehicles that are exempt under s. 70.112 (5), property that is used less than 50 percent in the operation of a telephone company, as provided under s. 70.112 (4) (b), and treatment plant and pollution abatement equipment that is exempt under s. 70.11 (21), and qualified broadband service property. Except as provided in s. 76.815, the rate for the tax imposed on each description of real property and on each item of tangible personal property is the net rate for the prior year for the tax under ch. 70 in the taxing jurisdictions where the description or item is located. The real and tangible personal property of a telephone company shall be assessed as provided under s. 70.112 (4) (b).

**SECTION 3. Initial applicability.**

(1) This act first applies to the property tax assessments as of January 1, 2020.

(END)

at the highest speed threshold described in sub. (2) (b)

**2019-2020 DRAFTING INSERT**  
**FROM THE**  
**LEGISLATIVE REFERENCE BUREAU**

LRB-2053/P3ins  
EKL:edc&kjf

1           INS-A1

To qualify for the exemption, property installed prior to January 1, 2020, must be used to provide Internet access service to a rural area at a download speed of at least 25 megabits per second and an upload speed of at least 3 megabits per second. Property installed after December 31, 2019, must be used to provide Internet access service to a rural or underserved area at those same speeds or, if higher, speeds designated by the Federal Communications Commission.

2           INS-A2

For property installed prior to January 1, 2020, the determination of whether an area is a rural area is based on the 2010 federal decennial census.

3           INS 2-13

4           76.80 (2) "Qualified broadband service property" means tangible personal  
5 property that meets any of the following standards:

6           (a) The property is installed prior to January, 1, 2020, and is used to provide  
7 Internet access service to a rural area at actual speeds that are at least a download  
8 speed of 25 megabits per second and an upload speed of 3 megabits per second.

9           (b) The property is installed after December 31, 2019, and is used to provide  
10 Internet access service to a rural or underserved area at actual speeds that meet or  
11 exceed the higher of the following thresholds:

12           INS 2-20

13           For purposes of sub. (2) (a), the determination of whether an area meets the  
14 criteria of this subsection shall be made on the basis of the 2010 federal decennial  
15 census.

## Lunder, Erika

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**From:** Schwerbel, Steven  
**Sent:** Thursday, May 30, 2019 9:36 AM  
**To:** Lunder, Erika  
**Subject:** LRB-2053/P3

Hi Erika—

I appreciate all your help on LRB-2053. Could you please convert the P3 into a draft for introduction?

Thanks!

Steven Schwerbel  
*Office of Rep. Romaine Quinn*  
Ph. 608.266.2519  
Steven.Schwerbel@legis.wisconsin.gov





State of Wisconsin  
2019 - 2020 LEGISLATURE

LRB-2053/P3  
EKL:cdc&kjf

No  
Change

**PRELIMINARY DRAFT - NOT READY FOR INTRODUCTION**

1 AN ACT *to amend* 76.81; and *to create* 76.80 (2), (2m) and (5) of the statutes;  
2 **relating to:** telephone company tax exemption for property used to provide  
3 broadband service.

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***Analysis by the Legislative Reference Bureau***

This bill exempts property used to provide broadband service to a rural or underserved area from the telephone company tax that is paid by telephone companies in lieu of the general property tax. To qualify for the exemption, property installed prior to January 1, 2020, must be used to provide Internet access service to a rural area at a download speed of at least 25 megabits per second and an upload speed of at least 3 megabits per second. Property installed after December 31, 2019, must be used to provide Internet access service to a rural or underserved area at those same speeds or, if higher, speeds designated by the Federal Communications Commission. Under the bill, an “underserved area” is any area in the state served by fewer than two wired service providers, and a “rural area” is any area in the state that is located outside a federal metropolitan statistical area or is located in a city, village, or town with a population of not more than 14,000. For property installed prior to January 1, 2020, the determination of whether an area is a rural area is based on the 2010 federal decennial census.

Because this bill relates to an exemption from state or local taxes, it may be referred to the Joint Survey Committee on Tax Exemptions for a report to be printed as an appendix to the bill.



**Walker, Dan**

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**From:** LRB.Legal  
**To:** Rep.Quinn@legis.wisconsin.gov  
**Subject:** Draft review: LRB -2053/1  
**Attachments:** 19-2053/1

**State of Wisconsin - Legislative Reference Bureau**  
**One East Main Street - Suite 200 - Madison**

**The attached draft was prepared at your request. Please review it carefully to ensure that it satisfies your intent.** If you have any questions concerning the draft or would like to have it redrafted, please contact Erika Lunder, Legislative Attorney, at (608) 504-5819, at [erika.lunder@legis.wisconsin.gov](mailto:erika.lunder@legis.wisconsin.gov), or at One East Main Street, Suite 200.

**We will jacket this draft for introduction in the Assembly.**

**If a jacket is needed immediately, please let us know in your response e-mail so we know to immediately jacket the proposal for you.**

If the last paragraph of the analysis states that a fiscal estimate will be prepared, the LRB will submit a request to DOA when the draft is introduced. You may obtain a fiscal estimate on the draft prior to introduction by contacting our program assistants at [LRB.Legal@legis.wisconsin.gov](mailto:LRB.Legal@legis.wisconsin.gov) or at (608) 266-3561. If you requested a fiscal estimate on an earlier version of this draft and would like to obtain a fiscal estimate on the current version before it is introduced, you will need to request a revised fiscal estimate from our program assistants.

**Please call our program assistants at (608) 266-3561 if you have any questions regarding this email.**