
AN ACT to repeal 66.0422 (2) (c), 66.0422 (4), 66.0422 (5), 196.504 (1) (c) and 196.504 (2) (e); to renumber 196.504 (1) (ab), 196.504 (1) (ad), 196.504 (1) (ae), 196.504 (1) (am) and 196.504 (1) (b); to renumber and amend 196.504 (1) (ac); to amend 71.28 (5n) (c), 196.504 (2) (a) and 196.504 (2) (c); and to create 20.155 (3) (a), 20.155 (3) (g), 71.07 (5n) (c) 6., 196.504 (1) (af), 196.504 (1) (d), 196.504 (1) (f), 196.504 (1) (i), 196.504 (2g), 196.504 (2r) and 196.504 (3) (d), (e) and (f) of the statutes; relating to: various changes to the broadband expansion grant program; local government telecommunications, video, or broadband service facilities; claiming the manufacturing and agriculture tax credit; granting rule-making authority; and making appropriations.

Analysis by the Legislative Reference Bureau

This bill does the following: 1) makes changes to the broadband expansion grant program; 2) eliminates requirements that apply to local government telecommunications, video, and broadband service facilities; and 3) changes the manufacturing and agriculture tax credit.

Broadband expansion grants. This bill appropriates $200,000,000 in general purpose revenues in the 2017–19 fiscal biennium for the broadband
expansion grant program administered by the Public Service Commission under current law. Under that program, the PSC makes grants to eligible applicants for the purpose of constructing broadband infrastructure in underserved areas designated by PSC. The bill’s appropriation is in addition to appropriations from the universal service fund for the grants under current law.

The bill creates a definition for “broadband infrastructure,” which is not defined under current law. The bill defines “broadband infrastructure” as infrastructure that provides broadband service at a minimum download speed of 25 megabits per second and a minimum upload speed of 3 megabits per second. Under the bill, infrastructure is eligible for a broadband expansion grant only if it satisfies the foregoing definition. The bill requires a person who receives a grant to reimburse the PSC for the grant if 1) the person fails to complete construction of the infrastructure; or 2) the infrastructure that is constructed fails to provide minimum download or upload speeds specified in the bill’s definition of “broadband infrastructure.”

The bill changes the priorities that apply to the PSC in awarding grants. Current law requires the PSC to give priority to projects that satisfy various requirements, including projects that affect “unserved areas,” which current law defines as areas without specified types of Internet service. The bill requires instead that the PSC give first priority to projects for areas in which no broadband service is available and secondary priority to projects that satisfy the requirements specified under current law, except that the bill eliminates the priority for unserved areas. In addition, the bill requires the PSC to award no less than 85 percent of the grants in a fiscal year for projects to construct broadband infrastructure in counties with populations of 65,000 or less.

The bill also changes eligibility requirements for the grants. Under current law, telecommunications utilities are eligible to apply. Under the bill, a telecommunications utility is eligible only if it has not applied for or received support for broadband deployment under certain federal programs administered by the Federal Communications Commission. The bill also allows a city, village, town, or county to apply for a grant without submitting the application in partnership with a telecommunications utility or for-profit or not-for-profit organization, which is required under current law. The bill also specifies that a city, village, town, or county may use a grant for planning related to broadband infrastructure construction, including broadband feasibility reports. Also, the bill requires all applicants for grants to specify the broadband infrastructure the applicant intends to construct with a grant and requires the applicant to complete that construction before applying for a subsequent grant.

The bill also does the following:

1. Requires persons who receive grants to submit reports to the PSC on the progress of broadband infrastructure construction, the number of broadband service connections provided by that infrastructure, and the average download and upload speeds for those service connections.

2. Beginning on January 1, 2019, requires the Legislative Audit Bureau to conduct biennial performance audits of the broadband expansion grant program.
3. Requires the PSC to require retail electric utilities and cooperatives to survey customers and members about broadband service availability. The PSC must reimburse the utilities and cooperatives for conducting the surveys and use the survey results to improve broadband mapping.

**Local government telecommunications, video, and broadband service facilities.** The bill eliminates a requirement for a city, village, or town (local government) to prepare a report before holding a public hearing on a proposed ordinance or resolution authorizing the local government to construct or operate facilities for providing telecommunications service, cable television or similar video service, or broadband service to the public. With exceptions, current law prohibits a local government from enacting an ordinance or adopting a resolution authorizing the local government to construct or operate such a facility unless the local government gives notice and holds a public hearing on the proposed ordinance or resolution. In addition, at least 30 days prior to the hearing, current law requires the local government to prepare and make available to the public a report that estimates the total costs and revenues for the facility and includes a cost-benefit analysis of the facility for a period of at least three years. Under this bill, a local government is not required to prepare that report.

**Manufacturing and agricultural tax credit.** The bill provides that an individual whose income is greater than $2,000,000 a year may not claim the manufacturing and agriculture tax credit for taxable years beginning after December 31, 2017. Under current law, any person who has qualified production activities income from manufacturing or agriculture may claim the credit in an amount equal to the income multiplied by 7.5 percent.

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

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

1. **SECTION 1.** 20.005 (3) (schedule) of the statutes: at the appropriate place, insert the following amounts for the purposes indicated:

<table>
<thead>
<tr>
<th>2017-18</th>
<th>2018-19</th>
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<tbody>
<tr>
<td>20.155 Public service commission</td>
<td></td>
</tr>
<tr>
<td>(3) Affiliated grant programs</td>
<td></td>
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<tr>
<td>(a) Broadband expansion grants;</td>
<td></td>
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<tr>
<td>general purpose revenue funding</td>
<td>GPR</td>
</tr>
</tbody>
</table>
SECTION 2. 20.155 (3) (a) of the statutes is created to read:

20.155 (3) (a) Broadband expansion grants; general purpose revenue funding.

Biennially, the amounts in the schedule for making broadband expansion grants under s. 196.504 and for reimbursing electric providers under s. 196.504 (3) (e).

SECTION 3. 20.155 (3) (g) of the statutes is created to read:

20.155 (3) (g) Broadband expansion grants; program revenue funding. All moneys received as broadband grant reimbursements under s. 196.504 (2g) (c) for making broadband expansion grants under s. 196.504.

SECTION 4. 66.0422 (2) (c) of the statutes is repealed.

SECTION 5. 66.0422 (4) of the statutes is repealed.

SECTION 6. 66.0422 (5) of the statutes is repealed.

SECTION 7. 71.07 (5n) (c) 6. of the statutes is created to read:

71.07 (5n) (c) 6. For taxable years beginning after December 31, 2017, no individual may claim the credit under this subsection for a taxable year in which the individual’s adjusted gross income is greater than $2,000,000.

SECTION 8. 71.28 (5n) (c) of the statutes is amended to read:

71.28 (5n) (c) Limitations. Partnerships, limited liability companies, and tax-option corporations may not claim the credit under this subsection, but the eligibility for, and the amount of, the credit are based on their share of the income described under par. (b). A partnership, limited liability company, or tax-option corporation shall compute the amount of credit that each of its partners, members, or shareholders may claim and shall provide that information to each of them. Partners, members of limited liability companies, and shareholders of tax-option corporations may claim the credit in proportion to their ownership interests, but, for taxable years beginning after December 31, 2017, no partner, member, or
shareholder may claim the credit for a taxable year in which the adjusted gross income of the partner, member, or shareholder is greater than $2,000,000.

**SECTION 9.** 196.504 (1) (ab) of the statutes, as created by 2017 Wisconsin Act 59, is renumbered 196.504 (1) (e).

**SECTION 10.** 196.504 (1) (ac) of the statutes, as affected by 2017 Wisconsin Act 59, is renumbered 196.504 (1) (g), and 196.504 (1) (g) 2. and 3., as renumbered, are amended to read:

196.504 (1) (g) 2. A telecommunications utility that has not received or applied for A-CAM or phase II support.

3. A political subdivision that submits an application in partnership with an eligible applicant under subd. 1. or 2.

**SECTION 11.** 196.504 (1) (ad) of the statutes, as created by 2017 Wisconsin Act 59, is renumbered 196.504 (1) (h).

**SECTION 12.** 196.504 (1) (ae) of the statutes is renumbered 196.504 (1) (j).

**SECTION 13.** 196.504 (1) (af) of the statutes is created to read:

196.504 (1) (af) “A-CAM support” means support for the deployment of voice and broadband-capable networks from the federal Connect America Fund that is made to telecommunications utilities regulated as rate-of-return carriers by the federal communications commission and that is based on the federal communications commission’s Alternative Connect America Cost Model.

**SECTION 14.** 196.504 (1) (am) of the statutes is renumbered 196.504 (1) (k).

**SECTION 15.** 196.504 (1) (b) of the statutes is renumbered 196.504 (1) (L).

**SECTION 16.** 196.504 (1) (c) of the statutes, as created by 2017 Wisconsin Act 59, is repealed.

**SECTION 17.** 196.504 (1) (d) of the statutes is created to read:
196.504 (1) (d) "Broadband infrastructure" means infrastructure for the provision of broadband service at a minimum download speed of 25 megabits per second and a minimum upload speed of 3 megabits per second.

**SECTION 18.** 196.504 (1) (f) of the statutes is created to read:

196.504 (1) (f) “Electric provider” means a retail electric public utility or retail electric cooperative.

**SECTION 19.** 196.504 (1) (i) of the statutes is created to read:

196.504 (1) (i) “Phase II support” means the federal communications commission’s 2nd phase of support for rural broadband deployment from the federal Connect America Fund that is made to telecommunications utilities regulated as price cap carriers by the federal communications commission.

**SECTION 20.** 196.504 (2) (a) of the statutes, as affected by 2017 Wisconsin Act 59, is amended to read:

196.504 (2) (a) To make broadband expansion grants to eligible applicants for the purpose of constructing broadband infrastructure in underserved areas designated under par. (d) and to political subdivisions for project planning related to such construction, including broadband feasibility reports. An eligible applicant shall specify in its application for a grant the broadband infrastructure the applicant intends to construct with the grant. Grants awarded under this section shall be paid from the appropriations under s. 20.155 (3) (a), (g), (r), and (rm). Not less than 85 percent of the grants awarded in a fiscal year shall be for the construction of broadband infrastructure in counties with populations of 65,000 or less.

**SECTION 21.** 196.504 (2) (c) of the statutes, as affected by 2017 Wisconsin Act 59, is amended to read:
196.504 (2) (c) To establish criteria for evaluating applications and awarding grants under this section. The criteria shall prohibit grants that have the effect of subsidizing the expenses of a provider of telecommunications service, as defined in s. 182.017 (1g) (cq), or the monthly bills of customers of those providers. The criteria shall give first priority to projects for areas in which no broadband service is available. The criteria shall give secondary priority to projects that include matching funds, that involve public-private partnerships, that affect unserved areas, that are scalable, that promote economic development, that will not result in delaying the provision of broadband service to areas neighboring areas to be served by the proposed project, or that affect a large geographic area or a large number of underserved individuals or communities. When evaluating grant applications under this section, the commission shall consider the degree to which the proposed projects would duplicate existing broadband infrastructure, information about the presence of which is provided to the commission by the applicant or another person within a time period designated by the commission; the impacts of the proposed projects on the ability of individuals to access health care services from home and the cost of those services; and the impacts of the proposed projects on the ability of students to access educational opportunities from home.

SECTION 22. 196.504 (2) (e) of the statutes, as created by 2017 Wisconsin Act 59, is repealed.

SECTION 23. 196.504 (2g) of the statutes is created to read:

196.504 (2g) (a) The commission shall require persons who receive grants under sub. (2) (a) to submit reports to the commission on the progress of construction activities for infrastructure specified in grant applications, the number of broadband
service connections provided by that infrastructure after construction is completed, and the average download and upload speeds for those service connections.

(b) A person who receives a grant under sub. (2) (a) may not apply for a subsequent grant under sub. (2) (a) until completion of construction of the infrastructure specified in the application for the prior grant.

(c) A person who receives a grant under sub. (2) (a) shall reimburse the commission an amount equal to the grant if any of the following applies:

1. The person fails to complete construction of broadband infrastructure that is specified in the person’s application under sub. (2) (a).

2. The infrastructure constructed with the grant fails to provide broadband service with an average minimum download speed of 25 megabits per second or an average minimum upload speed of 3 megabits per second.

(d) The commission shall promulgate rules for submitting reports under par. (a), determining completion of construction for purposes of par. (b), and making reimbursements under par. (c). If a person fails to make a reimbursement as required under the rules, the person is not eligible for any other grant under sub. (2) (a).

SECTION 24. 196.504 (2r) of the statutes is created to read:

196.504 (2r) Biennially, beginning on January 1, 2019, the legislative audit bureau shall conduct a performance evaluation audit of the broadband expansion grant program under sub. (2).

SECTION 25. 196.504 (3) (d), (e) and (f) of the statutes are created to read:

196.504 (3) (d) Require electric providers to survey customers and members about the availability of broadband service and provide the survey results to the commission.
(e) Reimburse electric providers for the cost of conducting surveys under par. (d).

(f) Use survey results under par. (d) to improve broadband mapping.

(END)