

Fiscal Estimate Narratives

DOR 4/24/2025

LRB Number	25-2142/1	Introduction Number	AB-0208	Estimate Type	Original
Description an income and franchise tax exemption for broadband expansion grants and for federal high-cost program funding for broadband expansion					

Assumptions Used in Arriving at Fiscal Estimate

The bill makes an exemption to taxable corporate income for grants received from the state or federal government for the purpose of expanding broadband access.

Fiscal Estimate

In June 2023, Wisconsin received \$1.06 billion in federal funding from the Broadband Equity, Access, and Deployment program. Using allocation data from the Public Service Commission, roughly 40% of broadband grant money in prior years went to nontaxable entities such municipalities. Given that information, the fiscal effect of the bill would result a reduction in revenue of an estimated \$20.1 million in FY26, and \$30.1 million in FY27.

To the extent that the timing of allocations differs from the example above, the timing of the fiscal effect may be different. The fiscal effect could be higher/lower to the extent the proportion of municipalities receiving grants is lower/higher. The fiscal effect could be higher to the extent Wisconsin receives more grant money in the future. The fiscal effect may be lowered significantly if entities with low apportionment percentages receive a large share of grants eligible for the exclusion. Finally, the fiscal effect could be lower to the extent that entities that calculate a loss or use credits receive grants eligible for the exclusion.

The American Rescue Plan Act (ARPA) prohibits states from using state fiscal recovery funds (SLFRF) to either directly or indirectly offset reduction in net tax revenue. This bill reduces the margin for tax reductions determined by DOA before triggering potential SLFRF recoupment.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2025 Session

Detailed Estimate of Annual Fiscal Effect

☒ Original
 ☐ Updated
 ☐ Corrected
 ☐ Supplemental

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Description an income and franchise tax exemption for broadband expansion grants and for federal high-cost program funding for broadband expansion		
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): 		
II. Annualized Costs:	Annualized Fiscal Impact on funds from:	
	Increased Costs	Decreased Costs
A. State Costs by Category		
State Operations - Salaries and Fringes	\$	\$
(FTE Position Changes)		
State Operations - Other Costs		
Local Assistance		
Aids to Individuals or Organizations		
TOTAL State Costs by Category	\$	\$
B. State Costs by Source of Funds		
GPR		
FED		
PRO/PRS		
SEG/SEG-S		
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)		
	Increased Rev	Decreased Rev
GPR Taxes	\$	\$-30,100,000
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
TOTAL State Revenues	\$	\$-30,100,000
NET ANNUALIZED FISCAL IMPACT		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$	\$
NET CHANGE IN REVENUE	\$-30,100,000	\$
Agency/Prepared By	Authorized Signature	Date
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