

Fiscal Estimate - 2025 Session

☒ Original ☐ Updated ☐ Corrected ☐ Supplemental

LRB Number **25-2503/1**

Introduction Number **SB-0176**

Description

an income and franchise tax exemption for broadband expansion grants and for federal high-cost program funding for broadband expansion

Fiscal Effect

State:

- ☐ No State Fiscal Effect
☐ Indeterminate
- | | | |
|---|--|--|
| <input type="checkbox"/> Increase Existing Appropriations | <input type="checkbox"/> Increase Existing Revenues | <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget
<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| <input type="checkbox"/> Decrease Existing Appropriations | <input checked="" type="checkbox"/> Decrease Existing Revenues | |
| <input type="checkbox"/> Create New Appropriations | | <input type="checkbox"/> Decrease Costs |

Local:

- ☐ No Local Government Costs
☐ Indeterminate
- | | | |
|--|--|--|
| 1. <input type="checkbox"/> Increase Costs
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 3. <input type="checkbox"/> Increase Revenue
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 5. Types of Local Government Units Affected
<input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities
<input type="checkbox"/> Counties <input type="checkbox"/> Others
<input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts |
| 2. <input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 4. <input type="checkbox"/> Decrease Revenue
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | |

Fund Sources Affected

☒ GPR ☐ FED ☐ PRO ☐ PRS ☐ SEG ☐ SEGS

Affected Ch. 20 Appropriations

Agency/Prepared By

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Authorized Signature

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Date

4/14/2025

Fiscal Estimate Narratives

DOR 4/14/2025

LRB Number	25-2503/1	Introduction Number	SB-0176	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 as municipalities. Given that information, the fiscal effect of the bill would result in 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 a 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

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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	
	State Local
NET CHANGE IN COSTS	\$
NET CHANGE IN REVENUE	\$ -30,100,000
Agency/Prepared By	Authorized Signature
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	Date
	4/14/2025