

# Howard Marklein: Incentivizing investment in broadband infrastructure

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The legislature's Joint Finance Committee (JFC), on which I serve, recently approved my bill to incentivize private investment in rural broadband infrastructure. The bill is moving to consideration by both houses.

Rural broadband expansion continues to be one of my top priorities. The bill I authored provides a state property tax exemption for telephone companies for property used to provide broadband service to rural or underserved areas.

During a recent national conference on broadband, experts told us that incentives like property tax exemptions, partial grants and other mechanisms are proven to help telecommunications providers justify investments in rural areas. We learned that these incentives help offset the lost return-on-investment for the miles and terrain that providers must cross to reach potential customers.

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In order to qualify for the property tax exemption, the telephone company's property must meet specific criteria to ensure that it is only benefitting rural investments. The property must be located outside a federal metropolitan area and in a municipality with a population under 14,000 people. The area must be qualified as "underserved," which is defined as an area in the state in which reasonable Internet access is not available from at least two wired providers. The current "reasonable" internet access speed is defined as a download speed of at least 25

megabits per second and an upload speed of at least 3 megabits per second. We also specified that consideration also be made for download and upload speed benchmarks for fixed services as designated by the federal communications commission in its inquiries regarding advanced telecommunications capability under 47 USC 1302 (b). This allows our standards and definitions of internet access benchmarks in statute to flex with national standards.

My colleague, Rep. Romaine Quinn (R-Barron), and I decided to amend the bill early on to delay the fiscal impact of the property tax exemption, while providing telecommunications companies the assurance of the exemption for future planning. We delayed the exemption for new infrastructure until January 1, 2021 and made the exemption for existing equipment effective on January 1, 2025. If this bill is successful, it will give the legislature time to work the exemption into our future budgets while giving the private-sector the intended incentive to invest.

I will continue to seek ways to incentivize investment in rural broadband in Wisconsin. The Rural Broadband Expansion Grant program application is open until December 19, 2019. We are trying to distribute \$24 million this cycle and another \$24 million in the next cycle. I have heard about a couple of potential projects in the 17th Senate District and I am optimistic that we will continue to see interest in making investments.

I recently requested data from the Wisconsin Public Service Commission (PSC) to determine the status of grants that have been made in past years and the remaining grant funds that are outstanding. I learned that there is \$13.4 million in awarded grants that have not been paid to awardees because of ongoing work. This means that there is still outstanding work planned and happening for grants that have already been made. There is one project of 17 projects in the 2017 cycle that is not closed. For the 2018 cycle, only 12 out of 58 projects have been closed and none of the fiscal year 2019 projects are closed. This means that there are 83 active rural broadband expansion grant projects in action somewhere in Wisconsin.

Wisconsin has invested \$20,195,138.31 in rural broadband expansion. The total estimated project costs for all of this investment is \$52,474,780.28. Our investment has encouraged more than double the overall investment statewide. I will continue to seek ways to encourage and expand our investment in rural broadband. We're making progress.

*- Marklein, R-Spring Green, represents the 17th Senate District.*