

# MICHIGAN BROADBAND INVESTMENT ACT

*Tax code reform. Maximize broadband grants. Bridge the Digital Divide.*

Nearly one in five Americans still lack access to reliable broadband service and all the benefits that come with it. In a world where an internet connection has become essential for accessing job opportunities, receiving timely health care services, and engaging in one's education, a lack of access is more than just a nuisance for unconnected Michiganders—it's a serious problem.

Michigan's public and private sectors are working together to address this issue. To date, Michigan has received over \$1.8 billion in federal funds for broadband infrastructure expansion into unserved/underserved areas with additional funding expected in 2024. With these funds in place, for the first time, broadband investment is now economically feasible in many areas throughout the state that would have otherwise remained un/underserved.

## So, What's the Problem?

Broadband grants are presently treated as taxable income, creating a financial burden for Michigan broadband providers, ultimately limiting the impact of these critical funds.

- With no exemptions in place and Michigan's Corporate Tax Rate at 6.0%, as much as \$60 million that could have otherwise been allocated towards broadband infrastructure projects will be effectively "lost" to state taxes in the next five years.
- Local Michigan companies being awarded these broadband grants must budget for these large tax bills, potentially reducing a project's scope and the number of Michigan residents served in the process.

Ultimately, taxing broadband grants is counterproductive and fundamentally at odds with the intended purpose of these grants: bringing broadband to as many Michiganders as possible.

## The Solution: The Michigan Broadband Investment Act – HB 5682

To maximize the effectiveness of these crucial funds, HB 5682 creates a tax exemption under the State Corporate Income Tax (CIT) for all broadband grants, helping to ensure more of these awarded funds go toward the grant's intended purpose: expanding broadband access for the unserved/underserved.

- The Michigan Broadband Investment Act would allow companies to put roughly \$60 million more towards expanding broadband access in unserved/underserved areas across the state.
- HB 5682 reinstates a tax exemption on federal and state grant monies that existed prior to 2017.

**PASS HB 5682. SUPPORT THE MICHIGAN  
BROADBAND INVESTMENT ACT**