



November 2, 2022

The Honorable Ron Wyden
Chairman
Committee on Finance
United States Senate
Washington, D.C. 20510

The Honorable Richard Neal
Chairman
Committee on Ways and Means
United States House of Representatives
Washington, D.C. 20515

The Honorable Mike Crapo
Ranking Member
Committee on Finance
United States Senate
Washington, D.C. 20510

The Honorable Kevin Brady
Ranking Member
Committee on Ways and Means
United States House of Representatives
Washington, D.C. 20515

Dear Chairman Wyden, Ranking Member Crapo, Chairman Neal, Ranking Member Brady,

The 117th Congress made historic investments in broadband infrastructure by allocating billions to programs in the American Rescue Plan Act (ARPA) and the Infrastructure Investment and Jobs Act (IIJA) that aim to bring high-speed Internet services to all Americans. However, if Congress fails to act, grant recipients will be required to return as much as 21 percent of the broadband grants to the federal government in the form of taxes, leaving millions of Americans without access to the broadband they were promised. In addition to extending the expiring 100 percent expensing benefit, which would have a broader overall impact, Congress should exempt broadband grants from taxation as consistent with the ubiquitous deployment goals reflected in the ARPA and IIJA.

Our nation's broadband providers are currently matching grant opportunities with supply chain needs and budgets in order to make accurate bids for BEAD and other funding opportunities that will enable difficult and expensive broadband deployments, many that have been out of reach heretofore. As providers begin these strategic budgetary assessments it is clear the tax on broadband grants stands as a major limiting factor in the effectiveness and reach of each project and will result in fewer broadband connections.

In the past, the Internal Revenue Service (IRS) had the flexibility to act unilaterally to exempt some broadband grants from taxation, as it did with the BTOP and BIP grants in 2010. However, the 2017 Tax Cuts and Jobs Act (TCJA) changed the statute, declaring that all federal grants, including broadband grants, are taxable as income. With this change in statute, it is now incumbent upon Congress to act to free the ARPA and IIJA broadband grants from taxation and ensure all of the broadband grants awarded will be used to reach Americans with connectivity needs.

Recently, Senators Mark Warner (D-VA) and Jerry Moran (R-KS) introduced the Broadband Grant Tax Treatment Act, which excludes IIJA and ARPA broadband grants from a grant recipient's taxable income. This legislation will ensure all of the awarded federal grant dollars are dedicated to broadband deployment and allow broadband providers to plan project bids accordingly.

America's broadband providers stand ready to fulfill the full promise of the historic broadband investments Congress made in the IIJA and ARPA, but can only reach those lofty goals with the entirety of the broadband grants awarded. We urge you to act quickly to ensure all Americans have access to the broadband services that enable our modern society by passing the Broadband Grant Tax Treatment Act.

Respectfully,



CCA - Competitive Carriers Association



CTIA – The Wireless Association



NTCA – The Rural Broadband Association



TIA – The Telecommunications Industry Association



USTelecom – The Broadband Association



WIA – Wireless Infrastructure Association

cc: Chairman Cantwell and Ranking Member Wicker – Senate Commerce Committee

cc: Chairman Pallone and Ranking Member Rodgers – House Energy and Commerce Committee