

# **SB408\_EconAction\_FAV 2023.pdf**

Uploaded by: Isadora Stern

Position: FAV



**Testimony to the Senate Budget & Taxation Committee**  
**SB408: Income Tax - Subtraction Modification - Qualified Broadband Grants**  
**Position: Favorable**

February 22 , 2023

Honorable Guy Guzzone, Chair  
Senate Budget & Taxation Committee  
3 West, Miller Senate Office Building  
Annapolis, Maryland 21401

cc: Members, Senate Budget & Taxation Committee

Honorable Chair Guzzone and Members of the Committee:

Economic Action Maryland (formerly the Maryland Consumer Rights Coalition) is a people-centered movement to expand economic rights, housing justice, and community reinvestment for working families, low-income communities, and communities of color. Economic Action Maryland provides direct assistance today while passing legislation and regulations to create systemic change in the future.

We are in strong support of SB408.

Broadband is essential infrastructure. It is necessary for civic and cultural participation, employment, lifelong learning and access to essential services. However, like other vital infrastructure, broadband is not ubiquitous. Hundreds of thousands of households in Maryland are without internet. Expensive subscription plans tend to keep people offline in urban areas, while poor network quality often discourages subscription in rural areas. Both problems are common throughout the state.<sup>1</sup>

While digital adoption in rural areas is an issue, the weight of these gaps fall heavily in urban and metro areas and among African American households. There are 206,000 African American households without wireline broadband service connection in Maryland, or nearly 40% of all disconnected households.<sup>2</sup> This poses a racial equity issue as access to the internet affects a wide range of factors that impact health and life outcomes.<sup>3</sup>

The COVID-19 pandemic has exposed a number of shortcomings in the nation's social infrastructure, one of which is access to the internet. Those without internet access were excluded when school moved exclusively online and medical appointments relied primarily on telehealth. This underlines the need for digital inclusion – ensuring people can get online from home, with the digital hardware and skills to enable participation in society.<sup>4</sup>

Economic Action Maryland provides a number of direct service programs. Several of these programs are accessible online, however a number of our clients are older adults who do not have the skills to navigate services online. For the past five years, Economic Action Maryland's SOAR (Securing Older Adult Resources)

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<sup>1</sup> <https://communitydevelopmentmd.org/digital-inclusion>

<sup>2</sup> [https://abell.org/wp-content/uploads/2022/02/2020\\_Abell\\_digital20inclusion\\_full20report\\_FINAL-web.pdf](https://abell.org/wp-content/uploads/2022/02/2020_Abell_digital20inclusion_full20report_FINAL-web.pdf)

<sup>3</sup> <https://www.fcc.gov/health/SDOH>

<sup>4</sup> <https://abell.org/publication/disconnected-in-maryland/>



program has led efforts to promote the Homeowners' Tax Credit as well as the Renters' Tax Credit. We extensively market the program, train service providers, VITA staff, and others how to screen for it, and partner with older-adult, legal services, and financial providers to increase the number of applicants each year. In 2022, Economic Action Maryland returned \$88,243.42 in tax credits to financially fragile older adults. Many of our clients would not have been able to access these benefits without direct assistance because the online application poses such a great obstacle.

This is one of many examples that demonstrate the strong relationship between broadband access and economic well being and the people left behind without digital equity. If broadband is essential infrastructure, then regulation and public policy should support every American community having equitable access to broadband and the skills necessary to use it.

For all these reasons we support SB408 and urge a favorable report.

Best,

Isadora Stern  
Policy Manager

# **Broadband SB408.pdf**

Uploaded by: Justin Ready

Position: FAV



THE SENATE OF MARYLAND  
ANNAPOLIS, MARYLAND 21401

February 22, 2023

**SB 408 Income Tax – Subtraction Modification – Qualified Broadband Grants**

Chairman Guzzone, Vice Chairman Rosapepe, and members of the Senate Budget and Taxation Committee,

The lack of high-speed internet is a problem across Maryland, in both rural and urban regions. The Baltimore Sun reported two and a half years ago that “an estimated 324,000 rural Marylanders don’t have access to high-speed internet and in Baltimore City, 96,000 households — more than 40% of households — lack access to high-speed internet.

In 2017, Governor Larry Hogan created the state’s Office of Rural Broadband, and he launched the Connect Maryland initiative last year to confront this problem head on. Governor Wes Moore is also committed to helping connect Marylanders with high-speed internet.

Thanks to programs launched by both the State of Maryland and the Federal government, grants can now be awarded to internet service providers to build and install broadband infrastructure. Unfortunately, many who receive these grants are quickly learning that they must pay taxes on them.

On the front end, these businesses are taking a major loss. For example, a business who receives a \$15 million grant from the State of Maryland to provide broadband will pay \$2.5 million in taxes. A business who takes a \$20 million federal broadband grant will pay roughly \$4.2 million in federal taxes in just one year. A larger company like Verizon or Comcast might be able to take a hit like that and be fine but many of these grants are being awarded to smaller internet service providers who cannot pay costs like this up front.

We are asking companies to step up and seek out these grants to get Maryland connected, however we’re also asking them to make a huge financial sacrifice and risk. This is a colossal disincentive that is making the idea of competing for these types of grants extremely unattractive. Let’s get Maryland connected while helping the internet service providers who are trying to get the job done.

I respectfully request a favorable report on Senate Bill 408.

# **Support- SB 408 - Income Tax - Subtraction Modific**

Uploaded by: Matthew Teffeu

Position: FAV



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February 22, 2023

The Honorable Guy Guzzone  
3 West  
Miller Senate Office Building  
Annapolis, MD 21401

Re: **Support- SB 408** - Income Tax - Subtraction Modification - Qualified Broadband Grants

Dear Chairman Guzzone and Members of the Committee:

Founded in 1938, Choptank Electric Cooperative is a not-for-profit organization that exists to provide reliable and cost-effective electricity. This service improves the quality of life for our 55,188 member-owners.

As a cooperative, Choptank Electric maintains a deep commitment to the communities it serves, which covers about two-thirds of Maryland's Eastern Shore. Economic development, especially in our rural areas, is necessary in providing additional resources to our schools and communities, and in improving the livelihood of all residents. Choptank Fiber, LLC is a wholly owned broadband subsidiary of Choptank Electric Cooperative. Choptank Fiber's goal is to install true Gigabit broadband with no data caps one community at a time until we serve all our underserved members on the Eastern Shore.

**SB 408**, seeks to bring economic vitality and utilize federal grant dollars to bridge the digital divide in Maryland. Cooperatives throughout the country, including Choptank, are committed to guaranteeing access to quality high-speed internet services. **SB 408** will ensure that broadband deployment reaches every corner of our state in a pertinent manner.

Choptank Electric Cooperative and its member-owners ask you to support **SB 408**.

Sincerely,

Matt Teffeau  
Manager of Government Affairs and Economic Development  
Choptank Electric Cooperative

Members First. Every Day.

# **SB 408 Income Tax Subtraction Modification Qualifi**

Uploaded by: Tammy Bresnahan

Position: FAV





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**SB 408 Income Tax - Subtraction Modification - Qualified Broadband Grants**  
**Senate Budget and Taxation Committee**  
**FAVORABLE**  
**February 22, 2023**

Good afternoon Chair Guzzone and members of the Senate Budget and Taxation Committee. My name is Tammy Bresnahan. I am the Senior Director of Advocacy for AARP MD. AARP is the largest nonprofit, nonpartisan organization representing the interests of Americans age 50 and older and their families. Key priorities of our organization include helping all Marylanders achieve financial and health security. AARP MD and its almost 870,000 members support **SB 408 Income Tax - Subtraction Modification - Qualified Broadband Grants**. AARP is working hard to strengthen retirement security for all Americans by ensuring that workers and retirees have access to services and resources they need to age in place.

SB 408 allows a subtraction modification under the Maryland income tax for qualified broadband grants awarded during the taxable year for broadband deployment.

Everyone should have affordable and reliable high-speed internet access in the home, regardless of such factors as geography, race, ethnicity, income, age, and ability level. This includes people living in underserved communities where high-speed internet is not deployed, as well as those who cannot afford service where it is available. AARP believes that policymakers should consider using grants, loans, tax credits, and other incentives to ensure that as many people as possible receive the benefits of high-speed internet. These policies should incorporate consumer protections and should not shift costs or place an unfair burden on taxpayers or ratepayers.

AARP Maryland looks forward to working with all of you in enacting and implementing policies addressed in SB 408 - that preserve and support this economic engine. Addressing the digital divide requires a commitment to digital equity. That is, everyone—regardless of factors such as age, race, ethnicity, ability level, and geography—should have access to affordable, reliable high-speed internet service.

AARP Maryland respectfully requests a favorable report for SB 408. Thank you! For questions or additional information, please feel free to contact me at [tbresnahan@aarp.org](mailto:tbresnahan@aarp.org) or by calling 410-302-8451.

