

1-1 By: Huffman S.B. No. 1243
 1-2 (In the Senate - Filed February 27, 2023; March 9, 2023,
 1-3 read first time and referred to Committee on Finance;
 1-4 March 30, 2023, reported favorably by the following vote: Yeas 17,
 1-5 Nays 0; March 30, 2023, sent to printer.)

1-6 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-7				
1-8	X			
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14	X			
1-15	X			
1-16	X			
1-17	X			
1-18	X			
1-19	X			
1-20	X			
1-21	X			
1-22	X			
1-23	X			
1-24	X			

1-25 A BILL TO BE ENTITLED
 1-26 AN ACT

1-27 relating to the franchise tax treatment of certain broadband grants
 1-28 made for the purposes of broadband deployment in this state.
 1-29 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:
 1-30 SECTION 1. Subchapter C, Chapter 171, Tax Code, is amended
 1-31 by adding Section 171.10132 to read as follows:
 1-32 Sec. 171.10132. PROVISIONS RELATED TO CERTAIN GRANTS
 1-33 RECEIVED FOR BROADBAND DEPLOYMENT IN TEXAS. (a) In this section,
 1-34 "qualifying broadband grant" means a grant for broadband deployment
 1-35 in this state received by a taxable entity:
 1-36 (1) under the Broadband Equity, Access, and Deployment
 1-37 Program established under 47 U.S.C. Section 1702;
 1-38 (2) under the State Digital Equity Capacity Grant
 1-39 Program established under 47 U.S.C. Section 1723;
 1-40 (3) under the Digital Equity Competitive Grant Program
 1-41 established under 47 U.S.C. Section 1724;
 1-42 (4) under the provisions of 47 U.S.C. Section 1741
 1-43 providing for middle mile grants;
 1-44 (5) under the broadband loan and grant pilot program
 1-45 authorized under Section 779, Title VII, Div. A, Consolidated
 1-46 Appropriations Act, 2018 (Pub. L. No. 115-141, 132 Stat. 399),
 1-47 from funds made available for that program under the heading
 1-48 "Distance Learning, Telemedicine, and Broadband Program," "Rural
 1-49 Utilities Service," "Rural Development Programs" in Title I,
 1-50 Infrastructure Investments and Jobs Appropriations Act (Title I,
 1-51 Div. J, Pub. L. No. 117-58, 135 Stat. 1351);
 1-52 (6) under Section 905, Division N, Consolidated
 1-53 Appropriations Act, 2021 (Pub. L. No. 116-260, 134 Stat. 2136); or
 1-54 (7) from a state, territory, tribal government, or
 1-55 unit of local government to the extent the grant was:
 1-56 (A) funded by amounts provided under 42 U.S.C.
 1-57 Section 802, 803, or 804; and
 1-58 (B) provided for the stated purposes of making
 1-59 investments in broadband infrastructure.
 1-60 (b) Notwithstanding any other law, a taxable entity:
 1-61 (1) shall exclude from its total revenue, to the

2-1 extent included under Section [171.1011\(c\)\(1\)\(A\)](#), [\(c\)\(2\)\(A\)](#), or
2-2 [\(c\)\(3\)](#), qualifying broadband grant proceeds for the purposes of
2-3 broadband deployment in this state;

2-4 [\(2\)](#) may include as a cost of goods sold under Section
2-5 [171.1012](#) any expense paid using qualifying broadband grant proceeds
2-6 for the purposes of broadband deployment in this state if the
2-7 expense is otherwise includable as a cost of goods sold under that
2-8 section; and

2-9 [\(3\)](#) may include as compensation under Section [171.1013](#)
2-10 any expense paid using qualifying broadband grant proceeds for the
2-11 purposes of broadband deployment in this state if the expense is
2-12 otherwise includable as compensation under that section.

2-13 SECTION 2. This Act applies only to a report originally due
2-14 on or after January 1, 2023.

2-15 SECTION 3. This Act takes effect immediately if it receives
2-16 a vote of two-thirds of all the members elected to each house, as
2-17 provided by Section [39](#), Article III, Texas Constitution. If this
2-18 Act does not receive the vote necessary for immediate effect, this
2-19 Act takes effect September 1, 2023.

2-20 * * * * *