A BILL

To amend the Internal Revenue Code of 1986 to exclude certain broadband grants from gross income.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Broadband Grant Tax Treatment Act”.

SEC. 2. CERTAIN GRANTS FOR BROADBAND EXCLUDED FROM GROSS INCOME.

(a) In General.—Part III of subchapter B of chapter 1 of the Internal Revenue Code of 1986 is amended
by inserting after section 139I the following new sub-
section:

“SEC. 139J. CERTAIN BROADBAND GRANTS.

“(a) IN GENERAL.—Gross income shall not include
any qualified broadband grant made for purposes of
broadband deployment.

“(b) DENIAL OF DOUBLE BENEFIT.—Notwith-
standing any other provision of this subtitle, no deduction
or credit shall be allowed for, or by reason of, any expendi-
ture to the extent of the amount excluded under sub-
section (a) for any qualified broadband grant which was
provided with respect to such expenditure. The adjusted
basis of any property shall be reduced by the amount ex-
cluded under subsection (a) which was provided with re-
spect to such property.

“(c) QUALIFIED BROADBAND GRANT.—For purposes
of this section, the term ‘qualified broadband grant’
means—

“(1) any grant or subgrant received under the
Broadband Equity, Access, and Deployment Pro-
gram established under section 60102 of the Infra-
structure Investment and Jobs Act,

“(2) any grant or subgrant received under the
State Digital Equity Capacity Grant Program estab-
lished under section 60304 of such Act,
“(3) any grant received under the Digital Equity Competitive Grant Program established under section 60305 of such Act,

“(4) any grant received under section 60401 of such Act (relating to middle mile grants),

“(5) any grant received—

“(A) under the broadband loan and grant pilot program established by section 779 of Public Law 115-141 under the Rural Electrification Act of 1936; and

“(B) from funds made available for such program under the heading ‘Distance Learning, Telemedicine, and Broadband Program’ under the heading ‘Rural Utilities Service’ under title I of division J of the Infrastructure Investment and Jobs Act,

“(6) any grant received from a State, territory, Tribal government, or unit of local government to the extent such grant was—

“(A) funded by amounts provided to the State or local government under section 602, 603, or 604 of the Social Security Act, and

“(B) provided for the stated purposes of making investments in broadband infrastructure, or
“(7) any grant or subgrant received under section 905 of division N of the Consolidated Appropriations Act, 2021.

“(d) REGULATIONS.—The Secretary shall issue such regulations or other guidance as may be necessary or appropriate to carry out the purposes of this section.”.

(b) CLERICAL AMENDMENT.—The table of sections for part III of subchapter B of chapter 1 of the Internal Revenue Code of 1986 is amended by inserting after the item related to section 139I the following new item:

“Sec. 139J. Certain broadband grants.”.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts received in taxable years ending after March 11, 2021.