

To: The Ways and Means Committee

Regarding: House Bill 442

Submitted By: Quantum Internet and Telephone
Kevin W. Brown, President

Quantum Internet and Telephone is a local Maryland small business that has been providing service to Carroll County and the Baltimore area since 1995. For many years we have wanted to be able to provide service to rural areas, but the costs to do so were extremely high, and the very low return on investment was too challenging to overcome.

We were recently awarded significant grants by the State and Carroll County to help fix the rural digital divide in Carroll County. Current tax law requires that these grants be recognized as income and therefore subject to income tax, even though these funds will be immediately expended to build rural broadband Internet. Paying these taxes will be a great hardship for us, as it will take many years to earn enough money from the subscribers to the network we are building to pay these taxes. These taxes will cause us to use funds that could otherwise be used to build more rural broadband. We may also need to go deep into debt to pay these taxes, or possibly even sell part (or all) of our company. We shouldn't have to take such extraordinary measures to utilize these grants.

House Bill 442 will do a lot to help small businesses like Quantum to be able to use federal and state grants to provide services to rural areas. However, in order to eliminate all the tax problems related to these grants, the U.S. Congress needs to pass the Broadband Grant Tax Treatment Act . In that way, all income taxes will no longer apply to the grants, and all rural projects will become profitable. It would be very helpful if Maryland US Representatives and Senators could be encouraged to support this act in the US Congress.

Quantum fully supports House Bill 442, and any other broadband incentive act that may be submitted that provide the same benefits as House Bill 442 provides.

Thank you for what you do for Maryland,



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