

3-16-95 Approp.

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SENATE FILE 356
BY McLAREN, HUSAK, REDFERN,
KIBBIE, and JENSEN

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the Iowa communications network by providing
2 an appropriation for Part III pilot project connections which
3 are school districts, accredited nonpublic schools, and public
4 libraries, requiring certain costs to be the basis for rates
5 charged to certain authorized users, and requiring the
6 development of a request for proposals.

7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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S.F. 356

1 Section 1. Section 8D.13, subsection 11, Code 1995, is
2 amended to read as follows:

3 11. a. The fees charged for use of the network to private
4 and public agencies which are not a hospital or physician
5 clinic, an agency of the federal government, or a United
6 States post office shall be based on the ongoing operational
7 costs of the network only.

8 b. The fees charged for use of the network to a hospital
9 or physician clinic, an agency of the federal government, or a
10 United States post office shall be based on the total costs of
11 providing the network, including construction, operational,
12 and maintenance costs, and the financing costs associated with
13 the construction of the network.

14 Sec. 2. APPROPRIATIONS.

15 1. There is appropriated from the general fund of the
16 state to the Iowa telecommunications network fund under the
17 control of the Iowa telecommunications and technology
18 commission established in section 8D.3 for the fiscal year
19 beginning July 1, 1995, and ending June 30, 1996, the
20 following amount, or so much thereof as may be necessary, to
21 be used for costs associated with Part III connections, which
22 are school districts, accredited nonpublic schools, and public
23 libraries pursuant to the requirements of this section:

24 \$ 9,750,000

25 The commission shall use the funds appropriated in this
26 section for the purpose of providing connections to the
27 network for the one hundred one Part III pilot project users
28 for which the lowest site-by-site bids were received in
29 response to the request for proposals for Part III of the Iowa
30 communications network issued August 19, 1994.

31 The commission shall request that each of the one hundred
32 one sites identified pursuant to this section submit a usage
33 plan which shall include the anticipated date that the user is
34 to be connected to the network, the anticipated number of
35 hours of usage during the calendar year following the

1 connection, the anticipated uses of the network and the type
2 of programming which will be utilized by the user, the
3 anticipated number of individuals who will participate in the
4 programs, and any other information which the commission deems
5 necessary.

6 Prior to the award of a contract to provide a connection to
7 any of the sites identified pursuant to this section, the
8 commission shall determine if the amount appropriated in this
9 section is sufficient to complete the connections for all of
10 such users. Upon a determination by the commission that the
11 amount appropriated is not sufficient to complete all such
12 connections, the commission shall establish a process for the
13 selection of which sites shall be connected. The commission
14 shall consider the amount of the bid related to the connection
15 and the usage plan submitted by the user. Any site for which
16 a vendor has submitted a proposal which includes a yearly
17 lease cost which is less than \$3,000 shall be automatically
18 selected as a site for connection if a usage plan has been
19 submitted by such user.

20 The commission shall request that each of the Part III
21 users identified pursuant to this section which are connected
22 to the network agree to use the network for a minimum number
23 of hours for the calendar year following the completion of the
24 connection. The agreement shall provide that a user will
25 guarantee a minimum of 375 hours of usage during the year or
26 the number of hours of use which could be purchased for the
27 amount of the lease divided by an eight dollar per hour
28 network charge, whichever is less. The Part III user shall
29 pay for 75 percent of the user's hours of use in excess of
30 \$3,000. The commission shall provide for the payment of the
31 remaining 25 percent of such cost. The commission shall file
32 a written report with the general assembly on or before
33 January 8, 1996, and on or before January 13, 1997, concerning
34 the results of the pilot project.

35 2. There is appropriated from the general fund of the

1 state to the department of education for the fiscal year
2 beginning July 1, 1995, and ending June 30, 1996, the
3 following amount, or so much thereof as may be necessary, to
4 be deposited in a separate educational training fund and to be
5 used for costs associated with teacher training related to the
6 use of the network by such teachers:

7 \$ 250,000

8 Sec. 3. The Iowa telecommunications and technology
9 commission established in section 8D.3 shall develop
10 projections related to revenue generated through the use of
11 the network based upon the type of user. The commission shall
12 review these projections and determine the potential effect of
13 expanded commercial use of the network on the tax-exempt
14 status of the bonds which were sold for the purpose of
15 financing Parts I and II of the network. The commission shall
16 complete a study regarding allowing expanded commercial use of
17 the network, and the conversion of the network to a quasi-
18 public or private enterprise. The study shall include an
19 analysis of the legal and practical issues involved with such
20 use and conversion. The commission shall provide a written
21 report to the general assembly on or before January 8, 1996,
22 detailing the revenue projections and the determination of any
23 effect on the tax-exempt status of such bonds, and including
24 all alternatives considered and the recommendation of the
25 commission.

26 Sec. 4. Notwithstanding contrary provisions of chapter 8D,
27 access shall not be provided to the network to any other
28 entity pursuant to a new or existing chapter 28E or other
29 agreement.

30 Sec. 5. The Iowa telecommunications and technology
31 commission established in section 8D.3 shall develop and issue
32 for response a request for proposals for the construction,
33 installation, repair, maintenance, and acquisition of
34 equipment and parts necessary for the connection of Part III
35 authorized users which are not connected to the network

1 pursuant to section 2 of this Act. The request for proposals
2 shall allow flexibility for proposals to be submitted on a
3 site-by-site basis or on a defined geographic area basis which
4 may include parts of one or more merged areas. The request
5 for proposals shall provide that the terms of a bid shall be
6 based upon a ten-year level payment lease and shall not
7 include front-loaded lease payments.

8 Sec. 6. Notwithstanding contrary provisions of chapter 8D,
9 the Iowa telecommunications and technology commission
10 established in section 8D.3 shall develop a request for
11 proposals for the sale of the Iowa communications network.
12 The commission shall review and determine the impact of
13 federal and state regulatory laws and current bond obligations
14 on such sale. The request for proposals shall allow
15 flexibility for proposals to be submitted such that a bid may
16 be submitted for all or a portion of the network. The
17 commission shall not enter into any agreement related to a
18 proposal submitted in response to the request for proposals
19 without the prior authorization by a constitutional majority
20 of each house of the general assembly and approval by the
21 governor as provided in section 8D.12.

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EXPLANATION

23 This bill relates to the expansion and future of the Iowa
24 communications network.

25 Section 8D.13 is amended to provide that fees charged for
26 use of the network to private and public agencies which are
27 not a hospital or physician clinic, an agency of the federal
28 government, or a United States post office are to be based on
29 the ongoing operational costs of the network only. The fees
30 charged for use of the network to a hospital or physician
31 clinic, an agency of the federal government, or a United
32 States post office are to be based on the total costs of
33 providing the network, including construction, operational,
34 and maintenance costs, and the financing costs associated with
35 the construction of the network.

1 Section 2 appropriates \$10,000,000 to the network fund to
2 be used for costs associated with 101 Part III connections
3 which are school districts, accredited nonpublic schools, and
4 public libraries, and which were the lowest site-by-site bids
5 received in response to the request for proposals for Part III
6 of the Iowa communications network issued August 19, 1994.

7 The commission is to request that each of the 101 sites
8 identified pursuant to this section submit a usage plan which
9 shall include the anticipated date that the user is to be
10 connected to the network, the anticipated number of hours of
11 usage during the calendar year following the connection, the
12 anticipated uses of the network and the type of programming
13 which will be utilized by the user, the anticipated number of
14 individuals who will participate in the programs, and any
15 other information which the commission deems necessary.

16 Section 3 directs the commission to develop projections
17 related to revenue generated through the use of the network
18 and based upon the type of user. Based upon these
19 projections, the commission is to determine the potential
20 effect on the tax-exempt status of the bonds which were sold
21 to finance Parts I and II of the network as a result of
22 increasing commercial use of the network.

23 Section 4 provides that access is not to be provided to the
24 network to any additional entities pursuant to a new or
25 existing chapter 28E or other agreement.

26 Section 5 directs the commission to develop and release a
27 request for proposals for the connection of sites which are
28 not connected to the network pursuant to section 2.

29 Section 6 directs the commission to develop a request for
30 proposals for the sale of the network. The commission is to
31 review and determine the impact of federal and state
32 regulatory laws and current bond obligations on such sale.
33 The commission is prohibited from entering into any agreement
34 related to a proposal submitted in response to the request for
35 proposals for sale of the network without the prior

1 authorization by a constitutional majority of each house of
2 the general assembly and approval by the governor as provided
3 in section 8D.12.

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