

Senate File 2324 - Introduced

SENATE FILE 2324
BY COMMITTEE ON ECONOMIC
GROWTH

(SUCCESSOR TO SSB 3119)

A BILL FOR

1 An Act providing for the expansion of the availability of
2 broadband access across the state, and including income
3 tax credits and property tax exemptions for broadband
4 infrastructure installations and making appropriations.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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DIVISION I

LEGISLATIVE INTENT

Section 1. SHORT TITLE. This Act shall be known and may be cited as the "Statewide Broadband Expansion Act".

Sec. 2. LEGISLATIVE INTENT. The general assembly finds that the availability of broadband access, and the infrastructure necessary to facilitate that access, varies to a significant extent from one area of the state to another, and that increasing access to broadband throughout the state is vital so that every citizen, business entity or organization, and community in this state can be afforded the opportunity to fully integrate with and utilize modern technology for educational, economic development and job training, health care, and other purposes.

DIVISION II

STATEWIDE BROADBAND COORDINATION

Sec. 3. Section 8B.1, Code 2014, is amended by adding the following new subsections:

NEW SUBSECTION. 01. "*Broadband*" means a high-speed, high-capacity electronic transmission medium that can carry data signals from multiple independent network sources by establishing different bandwidth channels and that is commonly used to deliver internet services to the public.

NEW SUBSECTION. 001. "*Broadband infrastructure*" means the physical infrastructure used for the transmission of data via broadband, including but not limited to any equipment, systems, switches, routers, wire, cable, satellite, conduits, servers, software, technology, base transceiver station sites, or other means of transmission or communication. "*Broadband infrastructure*" does not include land, buildings, structures, improvements, or equipment not directly used in the transmission of data.

NEW SUBSECTION. 0001. "*Communications service provider*" means a service provider that provides broadband service.

Sec. 4. Section 8B.1, subsection 1, Code 2014, is amended

1 to read as follows:

2 1. *“Information technology”* means computing and electronics
3 applications used to process and distribute information in
4 digital and other forms and includes information technology
5 devices, information technology services, infrastructure
6 services, broadband and broadband infrastructure, and
7 value-added services.

8 Sec. 5. Section 8B.1, Code 2014, is amended by adding the
9 following new subsections:

10 NEW SUBSECTION. 7A. *“Targeted underserved service area”*
11 means a United States census bureau census block located in
12 this state within which communications service providers do
13 not offer or facilitate broadband service at or above thirty
14 megabits per second of download speed or three megabits per
15 second of upload speed. This definition may be adjusted by the
16 office by rule pursuant to section 8B.10.

17 NEW SUBSECTION. 7B. *“Targeted unserved service area”* means
18 a United States census bureau census block located in this
19 state within which communications service providers do not
20 offer or facilitate broadband service at or above four megabits
21 per second of download speed or one megabit per second of
22 upload speed. This definition may be adjusted by the office by
23 rule pursuant to section 8B.10.

24 Sec. 6. Section 8B.3, subsection 1, Code 2014, is amended
25 to read as follows:

26 1. The office is created for the purpose of leading,
27 directing, managing, coordinating, and providing accountability
28 for the information technology resources of state government
29 and for coordinating statewide broadband availability and
30 access.

31 Sec. 7. Section 8B.4, Code 2014, is amended by adding the
32 following new subsection:

33 NEW SUBSECTION. 14A. Streamline, consolidate, and
34 coordinate the access to and availability of broadband and
35 broadband infrastructure throughout the state, including but

1 not limited to the facilitation of public-private partnerships,
2 ensuring that all state agencies' broadband and broadband
3 infrastructure policies and procedures are aligned, promoting
4 accountability regarding broadband and broadband infrastructure
5 availability and access, integrating broadband with cyber
6 security standards and rules, resolving issues which arise
7 with regard to implementation efforts, collecting data and
8 developing metrics or standards against which the data may
9 be measured and evaluated regarding broadband infrastructure
10 installation and deployment, and identifying options regarding
11 the creation of standing resources for stakeholders such
12 as a fiberoptic database or a fiberoptic network conduit
13 installation coordination effort for state-funded construction
14 projects.

15 Sec. 8. Section 8B.9, Code 2014, is amended by adding the
16 following new subsection:

17 NEW SUBSECTION. 5. An annual report regarding the status of
18 broadband expansion and coordination.

19 Sec. 9. NEW SECTION. **8B.10 Targeted unserved and**
20 **underserved service areas — determination — criteria —**
21 **subdivision.**

22 1. The office may periodically adjust the definitions of
23 targeted unserved service area and targeted underserved service
24 area contained in section 8B.1 by rule. The determination
25 of whether a communications service provider offers or
26 facilitates broadband service meeting the download or upload
27 speeds specified in such definitions shall be determined or
28 ascertained by reference to broadband availability maps or data
29 sources that are widely accepted for accuracy and available for
30 public review and comment and that are identified by the office
31 by rule.

32 2. The office shall establish procedures to allow
33 challenges to claims that an area meets the definition of a
34 targeted unserved service area or targeted underserved service
35 area.

1 3. Service areas that have more than one communications
2 service provider shall be subdivided based on incumbent local
3 telephone exchange areas that have been established by the
4 utilities board of the utilities division of the department of
5 commerce pursuant to section 476.29.

6 Sec. 10. Section 8D.3, subsection 2, paragraph a, Code 2014,
7 is amended to read as follows:

8 a. The commission is composed of the chief information
9 officer appointed pursuant to section 8B.2 or the chief
10 information officer's designee and five other members who shall
11 be appointed by the governor and subject to confirmation by the
12 senate. ~~Members~~ Appointed members of the commission shall not
13 serve in any manner or be employed by an authorized user of the
14 network or by an entity seeking to do or doing business with
15 the network.

16 (1) The governor shall appoint a member as the chairperson
17 of the commission from the five members appointed by the
18 governor, subject to confirmation by the senate.

19 (2) ~~Members~~ Appointed members of the commission shall serve
20 six-year staggered terms as designated by the governor and
21 appointments to the commission are subject to the requirements
22 of sections 69.16, 69.16A, and 69.19. Vacancies shall be
23 filled by the governor for the duration of the unexpired term.

24 (3) The salary of the appointed members of the commission
25 shall be twelve thousand dollars per year, except that the
26 salary of the chairperson shall be seventeen thousand dollars
27 per year. ~~Members~~ Appointed members of the commission shall
28 also be reimbursed for all actual and necessary expenses
29 incurred in the performance of duties as members. The benefits
30 and salary paid to the appointed members of the commission
31 shall be adjusted annually equal to the average of the annual
32 pay adjustments, expense reimbursements, and related benefits
33 provided under collective bargaining agreements negotiated
34 pursuant to chapter 20.

35 Sec. 11. Section 8D.3, subsection 2, paragraph b, Code 2014,

1 is amended to read as follows:

2 ~~b. In addition to the members appointed by the governor, the~~
3 The auditor of state or the auditor's designee shall serve as a
4 nonvoting, ex officio member of the commission.

5 Sec. 12. Section 8D.4, Code 2014, is amended to read as
6 follows:

7 **8D.4 Executive director appointed.**

8 The commission, in consultation with the director of
9 the department of administrative services ~~and the chief~~
10 ~~information officer,~~ shall appoint an executive director of
11 the commission, subject to confirmation by the senate. Such
12 individual shall not serve as a member of the commission.
13 The executive director shall serve at the pleasure of the
14 commission. The executive director shall be selected primarily
15 for administrative ability and knowledge in the field, without
16 regard to political affiliation. The governor shall establish
17 the salary of the executive director within range nine as
18 established by the general assembly. The salary and support of
19 the executive director shall be paid from funds deposited in
20 the Iowa communications network fund.

21 Sec. 13. Section 80.28, subsection 2, Code 2014, is amended
22 to read as follows:

23 2. The board shall consist of ~~fifteen~~ seventeen voting
24 members, as follows:

25 a. The following members representing state agencies:

26 (1) One member representing the department of public
27 safety.

28 (2) One member representing the state department of
29 transportation.

30 (3) One member representing the department of homeland
31 security and emergency management.

32 (4) One member representing the department of corrections.

33 (5) One member representing the department of natural
34 resources.

35 (6) One member representing the Iowa department of public

1 health.

2 (7) One member representing the office of the chief
3 information officer.

4 b. The governor shall solicit and consider recommendations
5 from professional or volunteer organizations in appointing the
6 following members:

7 (1) Two members who are representatives from municipal
8 police departments.

9 (2) Two members who are representatives of sheriff's
10 offices.

11 (3) Two members who are representatives from fire
12 departments. One of the members shall be a volunteer fire
13 fighter and the other member shall be a paid fire fighter.

14 (4) Two members who are law communication center managers
15 employed by state or local government agencies.

16 (05) One member who is an emergency medical care provider
17 as defined in section 147A.1.

18 (5) One at-large member.

19 Sec. 14. BROADBAND COORDINATION AND ANALYSIS —

20 APPROPRIATION. There is appropriated from the general fund of
21 the state to the office of chief information officer for the
22 fiscal year beginning July 1, 2014, and ending June 30, 2015,
23 the following amount, or so much thereof as is necessary, for
24 the purposes designated:

25 For data collection and analysis regarding the availability,
26 implementation, and affordability of broadband access across
27 state government and the private sector as provided in section
28 8B.4, subsection 14A, as enacted in this Act:

29 \$ 250,000

30 Notwithstanding section 8.33, moneys appropriated in this
31 section which remain unencumbered or unobligated at the end of
32 the fiscal year shall not revert but shall remain available for
33 expenditure for the purposes designated in subsequent fiscal
34 years.

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DIVISION III

1 IOWA COMMUNICATIONS NETWORK
2 COMMUNICATIONS SERVICE PROVIDER ACCESS

3 Sec. 15. NEW SECTION. 8D.21 **Definitions.**

4 For the purposes of this subchapter, "broadband", "broadband
5 infrastructure", "communications service provider", "targeted
6 unserved service area", and "targeted underserved service area"
7 mean the same as defined in section 8B.1.

8 Sec. 16. NEW SECTION. 8D.22 **Communications service provider
9 access.**

10 1. *Wholesale access to network — authority of*
11 *commission.* Notwithstanding any contrary provisions of this
12 chapter related to access to the network, the commission may
13 enter into a contract to provide access to network facilities
14 owned by the state on a wholesale basis to a communications
15 service provider who is not otherwise an authorized user as
16 provided in this section. Such access shall not be available
17 to network facilities leased by the state without the consent
18 of the lessor. The commission may establish by rule the manner
19 in which a contract entered into pursuant to this section shall
20 be undertaken. Contracts shall be coordinated with the office
21 of the chief information officer.

22 2. *Access requirements — limitations.*

23 a. Access to network facilities pursuant to any contract
24 entered into by the commission pursuant to this section shall
25 be subject to retention of sufficient capacity for existing
26 and future authorized user demands. Access shall be provided
27 solely for wholesale transactions to communications service
28 providers to facilitate the installation and deployment of
29 broadband infrastructure in targeted unserved service areas of
30 the state.

31 b. Prior to entering into a contract pursuant to this
32 section, and for an interval of thirty business days, a
33 communications service provider seeking wholesale access to
34 network facilities shall comply with the following:

35 (1) Allow any private wholesale communications service

1 provider that has fiberoptic cable facilities that are close
2 in proximity to a targeted unserved service area to which
3 the contract would apply to make those facilities available
4 at the same or a lower rate than that offered by the network
5 determined pursuant to subsection 3.

6 (2) Allow any communications service provider who, as
7 of July 1, 2014, offered broadband service at retail within
8 or close in proximity to the targeted unserved service area
9 to submit documentation to the commission verifying that
10 the communications service provider has committed to make
11 broadband infrastructure available to all customers in
12 the targeted unserved service area on or before January 1,
13 2016. In the event the commission accepts the documentation
14 submitted, the commission shall not enter into a contract with
15 a communications service provider seeking wholesale access to
16 network facilities pursuant to this section.

17 c. A communications service provider seeking wholesale
18 access to network facilities pursuant to this subchapter
19 shall certify to the commission that the provider will offer
20 broadband service to all customers in the targeted unserved
21 service area.

22 d. Additional requirements and limitations regarding
23 communications service provider access pursuant to this
24 subchapter shall be determined by the commission by rule.

25 3. *Rate determination — rate adjustments — hearings.*

26 a. Rates applicable to wholesale access by communications
27 service providers pursuant to this section shall be determined
28 by the commission by rule, in consultation with the chief
29 information officer. The rates shall take into account and
30 reflect the following considerations:

31 (1) Establishment of a wholesale rate structure with
32 multiple pricing points determined based on the grouping of
33 similar installation characteristics to be identified by the
34 commission by rule, including but not limited to size and
35 demographic characteristics of the targeted unserved service

1 area, availability of other communications service providers,
2 the type of communications service installation proposed, and
3 the communications service modality being utilized.

4 (2) Incorporation of any and all fully allocated costs
5 attributable to facilitating wholesale access.

6 b. Rates established pursuant to this section shall be
7 posted on the network's internet site.

8 c. Proposed rate adjustments shall be posted on the
9 network's internet site, and shall be subject to the following
10 public hearing, decision-making, and appeals process:

11 (1) Three public hearings on the proposed rate adjustment
12 shall be held within each targeted unserved service area
13 impacted by the proposed adjustment. The hearings shall
14 be conducted thirty days following the rate adjustment
15 announcement, sixty days following the announcement, and ninety
16 days following the announcement.

17 (2) Following the third public hearing, the commission
18 shall convene to discuss the status of the proposed rate
19 adjustment, and shall render and post a decision regarding the
20 proposed adjustment within fifteen days following the date of
21 the commission's meeting.

22 (3) Any party wishing to appeal the commission's decision
23 may file such an appeal with the executive council within
24 thirty days following the posting of the commission's decision.

25 (4) Rate changes shall become effective within thirty days
26 following approval by the commission in the event an appeal is
27 not filed, and immediately after the executive council renders
28 a decision in favor of the adjustment in the event an appeal is
29 filed.

30 4. In addition to providing wholesale access to
31 communications service providers for the purpose of
32 facilitating the installation and deployment of broadband
33 infrastructure, the commission shall evaluate whether wholesale
34 access should also be provided to communications service
35 providers and other businesses and entities to facilitate

1 disaster recovery back-up.

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DIVISION IV

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FINANCIAL INCENTIVES

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Sec. 17. NEW SECTION. 16.66 Broadband revolving loan

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program.

6 1. The authority shall establish and administer a broadband
7 revolving loan program to provide low-interest loans to
8 broadband and telecommunications businesses to expand broadband
9 access in targeted unserved service areas and targeted
10 underserved service areas of the state. For the purposes of
11 this section, "broadband", "targeted unserved service area", and
12 "targeted underserved service area" mean the same as defined in
13 section 8B.1.

14 2. In awarding loans to businesses to invest in expanding
15 broadband access, the authority may consider the following:

16 a. The business's relationship to the community and its
17 commitment to offer service to all customers in a targeted
18 unserved service area or targeted underserved service area.

19 b. The location of the community in which the business
20 operates and the need for broadband access in the community.

21 c. The overall geographic diversity of the applicants for
22 loans, including urban and rural diversity.

23 d. Any other information the authority deems relevant.

24 3. The authority may accept, reject, or defer a business's
25 application for a loan under this section.

26 4. In awarding loans, the authority shall give preference
27 to businesses that seek to expand broadband access to targeted
28 unserved service areas prior to awarding loans to businesses
29 that seek to expand broadband access to targeted underserved
30 services areas.

31 5. A loan awarded under the program to any single business
32 shall not exceed two hundred fifty thousand dollars per United
33 States census bureau census block, or two million dollars
34 overall.

35 6. The authority shall enter into an agreement with a

1 business selected to receive a loan pursuant to this section
2 for purposes of ensuring the program is administered pursuant
3 to the requirements of this section. The agreement shall set
4 the loan period and interest rate of the loan.

5 7. *a.* The authority may seek immediate repayment or
6 recapture of the loan awarded pursuant to this section as
7 provided in paragraph "*b*".

8 *b.* If, after receiving a loan from the authority pursuant to
9 this section, the business fails to use the awarded moneys for
10 the purposes described in subsection 1, all or a portion of the
11 loan received is subject to immediate repayment or recapture.

12 *c.* All repayments, recaptures, and interest on loans
13 awarded under the program shall be remitted to the authority
14 to be deposited in the broadband revolving loan program fund
15 established in section 16.67.

16 8. The authority shall have the power to bond as necessary
17 to carry out the purposes of the broadband revolving loan
18 program. The bonds shall be issued in the same manner as, and
19 under the same conditions and restrictions of, section 16.26.

20 Sec. 18. NEW SECTION. 16.67 **Broadband revolving loan**
21 **program fund.**

22 1. A broadband revolving loan program fund is created within
23 the authority consisting of moneys appropriated by the general
24 assembly and any other moneys available to and obtained or
25 accepted by the authority for placement in the fund.

26 2. Payments of interest, repayments of moneys loaned
27 pursuant to section 16.66, and recaptures of loans under
28 section 16.66, shall be deposited in the fund.

29 3. The fund shall be used to provide low-interest loans
30 under the broadband revolving loan program established in
31 section 16.66.

32 4. Moneys in the fund are not subject to section 8.33.
33 Notwithstanding section 12C.7, subsection 2, interest or
34 earnings on moneys in the fund shall be credited to the fund.

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DIVISION V

INCOME TAX INCENTIVES

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Sec. 19. NEW SECTION. 422.11C Broadband infrastructure tax credit.

1. For purposes of this section, "broadband infrastructure", "communications service provider", "targeted unserved service area", and "targeted underserved service area" mean the same as defined in section 8B.1.

2. The taxes imposed under this division, less the credits allowed under section 422.12, shall be reduced by a broadband infrastructure tax credit equal to three percent of the amount expended by a communications service provider for a new installation of broadband infrastructure completed on or after July 1, 2014, with such reduction not to exceed a maximum of two hundred fifty thousand dollars per United States census bureau census block or three million dollars per installation. A taxpayer claiming a credit under this section shall certify prior to commencement of the installation that the broadband infrastructure installation will take place within a targeted unserved service area or a targeted underserved service area. Any credit in excess of the tax liability for the tax year shall not be refunded, but may be credited to the tax liability for the following ten tax years or until depleted, whichever is earlier.

3. An individual may claim the tax credit allowed a partnership, limited liability company, S corporation, estate, or trust electing to have the income taxed directly to the individual. The amount claimed by the individual shall be based upon the pro rata share of the individual's earnings of a partnership, limited liability company, S corporation, estate, or trust.

4. The director of revenue may adopt rules pursuant to chapter 17A for the interpretation and proper administration of the credit provided in this section.

Sec. 20. Section 422.33, Code 2014, is amended by adding the following new subsection:

1 NEW SUBSECTION. 31. The taxes imposed under this division
2 shall be reduced by a broadband infrastructure tax credit
3 allowed under section 422.11C.

4 DIVISION VI

5 PROPERTY TAX INCENTIVES

6 Sec. 21. Section 427.1, Code 2014, is amended by adding the
7 following new subsection:

8 NEW SUBSECTION. 40. *Broadband infrastructure.*

9 *a.* Broadband infrastructure shall be entitled to an
10 exemption from taxation to the extent provided in this section
11 based upon the actual value added by broadband infrastructure
12 that is newly installed and completed. For the purposes of
13 this subsection, "*broadband infrastructure*", "*targeted unserved*
14 *service area*", and "*targeted underserved service area*" mean the
15 same as defined in section 8B.1.

16 *b.* The exemption shall apply to the new installation
17 of broadband infrastructure completed on or after July 1,
18 2014, in a targeted unserved service area or a targeted
19 underserved service area. A person claiming an exemption
20 under this subsection shall certify prior to commencement of
21 the installation that the broadband installation will take
22 place within a targeted unserved service area or a targeted
23 underserved service area.

24 *c.* If the broadband infrastructure is assessed with other
25 property as a unit by the department of revenue pursuant
26 to sections 428.24 through 428.29 or chapter 433, this
27 exemption shall be limited to the value added by the broadband
28 infrastructure as determined as of the assessment date and
29 the exemption shall be applied prior to any other exemption
30 applicable to the unit value.

31 *d.* The tax exemption shall be a one hundred percent
32 exemption from taxation on the actual value added by the
33 improvements for a period of ten years.

34 *e.* (1) A person may submit a proposal to the governing body
35 of the city or county within which a broadband infrastructure

1 installation project is proposed to receive prior approval for
2 eligibility for a tax exemption for the project pursuant to
3 this section. The governing body shall, by resolution, give
4 its prior approval if the project is in conformance with the
5 requirements of this subsection. Such prior approval shall
6 not entitle the owner to exemption from taxation until the
7 improvements have been completed and found to be qualified
8 real estate. However, if the proposal is not approved, the
9 person may submit an amended proposal for the governing body to
10 approve or reject.

11 (2) The application for an exemption shall be filed by the
12 owner of the property with the governing body of the city or
13 county in which the property is located by February 1 of the
14 assessment year for which the exemption is first claimed, but
15 not later than the year in which the value added pursuant to
16 the project is first assessed for taxation, or the following
17 two assessment years, in which case the exemption is allowed
18 for the total number of years in the exemption schedule.
19 However, upon the request of the owner at any time, the
20 governing body of the city or county may provide by resolution
21 that the owner may file an application by February 1 of any
22 other assessment year selected by the governing body in which
23 case the exemption is allowed for the number of years remaining
24 in the exemption schedule selected. The application shall
25 contain but not be limited to the following information:

- 26 (a) The nature of the improvement.
27 (b) The estimated cost of the improvement.
28 (c) The estimated or actual date of project completion.
29 (d) Certification that the installation was completed in
30 a targeted unserved service area or a targeted underserved
31 service area.

32 (3) The governing body of the city or county shall forward
33 for review all approved applications to the appropriate local
34 assessor by March 1 annually. The assessor shall proceed to
35 determine the actual value of the newly installed broadband

1 infrastructure and shall certify the valuation determined to
2 the county auditor at the time of transmitting the assessment
3 rolls. After the tax exemption is granted, the local assessor
4 shall continue to grant the tax exemption for the remainder of
5 the time period in the exemption schedule, and applications for
6 exemption for succeeding years shall not be required.

7 *f.* The director of revenue may adopt rules pursuant to
8 chapter 17A for the interpretation and proper administration of
9 the exemption provided in this subsection.

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DIVISION VII

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SCHOOL INFORMATION TECHNOLOGY INFRASTRUCTURE

12 Sec. 22. Section 423F.3, subsection 6, Code 2014, is amended
13 to read as follows:

14 6. *a.* For purposes of this chapter, "*school infrastructure*"
15 means those activities authorized in section 423E.1, subsection
16 3, Code 2007.

17 *b.* Additionally, "*school infrastructure*" includes the
18 payment or retirement of outstanding bonds previously
19 issued for school infrastructure purposes as defined in this
20 subsection, and the payment or retirement of bonds issued under
21 sections 423E.5 and 423F.4.

22 *c.* Additionally, "*school infrastructure*" includes the
23 acquisition or installation of information technology
24 infrastructure. "*Information technology infrastructure*" means
25 the basic, underlying physical framework or system necessary
26 to deliver technology connectivity to a school district and to
27 network school buildings within a school district.

28 ~~*e.*~~ *d.* A school district that uses secure an advanced vision
29 for education fund moneys for school infrastructure shall
30 comply with the state building code in the absence of a local
31 building code.

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DIVISION VIII

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STEM INTERNSHIPS AND DIGITAL SKILLS WORKFORCE TRAINING

34 Sec. 23. Section 15.411, subsection 3, Code 2014, is amended
35 to read as follows:

1 3. a. The authority shall establish and administer an
2 ~~innovative businesses~~ internship program with two components
3 for Iowa students. For purposes of this subsection, "*Iowa*
4 *student*" means a student of an Iowa community college, private
5 college, or institution of higher learning under the control
6 of the state board of regents, or a student who graduated from
7 high school in Iowa but now attends an institution of higher
8 learning outside the state of Iowa.

9 b. The purpose of the first component of the program is
10 to link Iowa students to small and medium sized Iowa firms
11 through internship opportunities. An Iowa employer may receive
12 financial assistance in an amount of one dollar for every
13 two dollars paid by the employer to an intern. The amount
14 of financial assistance shall not exceed three thousand one
15 hundred dollars for any single internship, or nine thousand
16 three hundred dollars for any single employer. In order to be
17 eligible to receive financial assistance under this ~~subsection~~
18 paragraph, the employer must have five hundred or fewer
19 employees and must be an innovative business. The authority
20 shall encourage youth who reside in economically distressed
21 areas, youth adjudicated to have committed a delinquent act,
22 and youth transitioning out of foster care to participate in
23 the first component of the internship program.

24 c. (1) The purpose of the second component of the program
25 is to assist in placing Iowa students studying in the fields
26 of science, technology, engineering, and mathematics into
27 internships that lead to permanent positions with Iowa
28 employers. The authority shall collaborate with eligible
29 employers, including but not limited to innovative businesses,
30 to ensure that the interns hired are studying in such fields.
31 An Iowa employer may receive financial assistance in an amount
32 of one dollar for every dollar paid by the employer to an
33 intern attending an Iowa community college, private college, or
34 institution of higher learning under the control of the state
35 board of regents, and one dollar for every two dollars paid by

1 the employer to an intern attending an institution of higher
2 learning outside the state. The amount of financial assistance
3 shall not exceed five thousand dollars per internship. The
4 authority may adopt rules to administer this component.

5 (2) The requirement to administer this component of the
6 internship program is contingent upon the provision of funding
7 for such purposes by the general assembly.

8 Sec. 24. SCIENCE, TECHNOLOGY, ENGINEERING, AND MATHEMATICS
9 INTERNSHIPS — APPROPRIATION. There is appropriated from the
10 general fund of the state to the Iowa economic development
11 authority for the fiscal year beginning July 1, 2014, and
12 ending June 30, 2015, the following amount, or so much thereof
13 as is necessary, for the purposes designated:

14 For the funding of internships for students studying in the
15 fields of science, technology, engineering, and mathematics
16 with eligible Iowa employers as provided in section 15.411, as
17 amended in this Act:

18 \$ 2,000,000

19 No more than 3 percent of the funds appropriated pursuant to
20 this section may be used by the authority for costs associated
21 with administration of the program as amended in this Act.
22 Notwithstanding section 8.33, moneys appropriated in this
23 section which remain unencumbered or unobligated at the end of
24 the fiscal year shall not revert but shall remain available for
25 expenditure for the purposes designated in subsequent fiscal
26 years.

27 Sec. 25. DIGITAL LITERACY AND WORKFORCE TRAINING PILOT
28 PROGRAM — APPROPRIATION.

29 1. The department of education shall develop and issue
30 a request for proposals regarding selection of a digital
31 skills training provider to develop a digital literacy and
32 workforce training pilot program. The program shall provide
33 digital skills training, including training for teleworking and
34 coworking employment opportunities. The distribution and use
35 of any funds appropriated to administer the pilot program shall

1 be determined by the department in coordination with the chief
2 information officer appointed pursuant to section 8B.2.

3 2. There is appropriated from the general fund of the
4 state to the department of education for the fiscal year
5 beginning July 1, 2014, and ending June 30, 2015, the following
6 amount, or so much thereof as is necessary, for the purposes
7 designated:

8 For implementation of the digital literacy and workforce
9 training pilot program to be developed pursuant to subsection
10 1:

11 \$ 1,400,000

12 Notwithstanding section 8.33, moneys appropriated in this
13 section which remain unencumbered or unobligated at the end of
14 the fiscal year shall not revert but shall remain available for
15 expenditure for the purposes designated in subsequent fiscal
16 years.

17 EXPLANATION

18 The inclusion of this explanation does not constitute agreement with
19 the explanation's substance by the members of the general assembly.

20 This bill relates to the availability of broadband access
21 across the state and provides incentives to facilitate the
22 installation of broadband infrastructure. The bill is titled
23 the "Statewide Broadband Expansion Act".

24 DIVISION I — LEGISLATIVE INTENT. The bill provides that
25 the general assembly finds that the availability of broadband
26 access, and the infrastructure necessary to facilitate that
27 access, varies to a significant extent from one area of the
28 state to another, and that increasing access to broadband
29 throughout the state is vital so that every citizen, business
30 entity or organization, and community in this state can be
31 afforded the opportunity to fully integrate with and utilize
32 modern technology for educational, economic development and job
33 training, health care, and other purposes.

34 DIVISION II — STATEWIDE BROADBAND COORDINATION. The bill
35 modifies provisions in Code chapter 8B, establishing the office

1 of the chief information officer. The bill adds several
2 definitions to the Code chapter for use in the Code chapter
3 and in related provisions. The bill defines "broadband" to
4 mean a high-speed, high-capacity electronic transmission medium
5 that can carry data signals from multiple independent network
6 sources by establishing different bandwidth channels and that
7 is commonly used to deliver internet services to the public.
8 The bill defines "broadband infrastructure" to mean the
9 physical infrastructure used for the transmission of data via
10 broadband, including but not limited to any equipment, systems,
11 switches, routers, wire, cable, satellite, conduits, servers,
12 software, technology, base transceiver station sites, or other
13 means of transmission or communication, but not including
14 land, buildings, structures, improvements, or equipment not
15 directly used in the transmission of data. The bill defines
16 "communications service provider" to mean a service provider
17 that provides broadband service. Additionally, the bill
18 defines "targeted underserved service area" to mean a United
19 States census bureau census block located in Iowa within which
20 communications service providers do not offer or facilitate
21 broadband service at or above 30 megabits per second of
22 download speed or three megabits per second of upload speed.
23 Similarly, "targeted unserved service area" means a United
24 States census bureau census block located in Iowa within which
25 communications service providers do not offer or facilitate
26 broadband service at or above four megabits per second of
27 download speed or one megabit per second of upload speed. With
28 respect to both definitions, the bill provides that they may
29 be adjusted by the office by rule, and that the determination
30 of whether the download and upload speeds are being met shall
31 be by reference to broadband availability maps identified by
32 the office by rule. The bill directs the office to establish
33 procedures to handle challenges to claims that the threshold
34 download or upload speeds are being met, and provides that
35 service areas with more than one communications service

1 provider shall be subdivided.

2 The bill adds additional powers and duties for the chief
3 information officer relating to broadband and broadband
4 infrastructure. The bill provides that the chief information
5 officer shall streamline, consolidate, and coordinate
6 the access to and availability of broadband and broadband
7 infrastructure throughout the state, including but not limited
8 to the facilitation of public-private partnerships, ensuring
9 that all state agencies' broadband and broadband infrastructure
10 policies and procedures are aligned, promoting accountability
11 regarding broadband and broadband infrastructure availability
12 and access, integrating cyber security standards and rules,
13 resolving issues which arise with regard to implementation
14 efforts, collecting data and developing metrics or standards
15 against which the data may be measured and evaluated regarding
16 broadband infrastructure installation and deployment, and
17 identifying options regarding the creation of standing
18 resources for stakeholders such as a fiberoptic database or a
19 fiberoptic network conduit installation coordination effort
20 for state-funded construction projects. The bill directs the
21 chief information officer to submit an annual report regarding
22 the status of broadband expansion and coordination. The bill
23 also adds the chief information officer to the information
24 technology and telecommunications commission which oversees
25 the operation of the Iowa communications network and to the
26 statewide interoperable communications system board established
27 in Code section 80.29. An additional member is added to the
28 board in the form of an emergency care provider. The bill
29 appropriates \$250,000 to the office for the 2014-2015 fiscal
30 year to facilitate broadband data collection and analysis.

31 DIVISION III — IOWA COMMUNICATIONS NETWORK COMMUNICATIONS
32 SERVICE PROVIDER ACCESS. The bill authorizes the information
33 technology and telecommunications commission to enter into a
34 contract to provide access to network facilities owned by the
35 state on a wholesale basis to a communications service provider

1 who is not otherwise an authorized user of the network. Access
2 to network facilities leased by the state is not available
3 without the consent of the lessor. The bill provides that the
4 commission may establish by rule the manner in which a contract
5 is entered into, and that contracts shall be coordinated with
6 the office. Access shall be granted solely for wholesale
7 transactions to communications service providers to facilitate
8 the installation and deployment of broadband infrastructure in
9 targeted unserved service areas.

10 The bill provides that prior to entering into a contract,
11 for a 30-business-day period, a communications service provider
12 seeking wholesale access to the network must allow any private
13 wholesale communications service provider that has fiberoptic
14 cable facilities that are close in proximity to a targeted
15 unserved service area to which the contract would apply to make
16 those facilities available at the same or a lower rate than
17 that offered by the network. Also during the 30-day period,
18 the provider seeking access must allow any communications
19 service provider who, as of July 1, 2014, offered broadband
20 service at retail within or close in proximity to the targeted
21 unserved service area to submit documentation to the commission
22 verifying that the communications service provider has
23 committed to make broadband infrastructure available to all
24 customers in the targeted unserved service area on or before
25 January 1, 2016. The bill provides that in the event the
26 commission accepts the documentation submitted, the commission
27 shall not enter into a contract with a communications service
28 provider seeking wholesale access to network facilities.

29 Additionally, the bill requires communications service
30 providers seeking wholesale access to the network to certify to
31 the commission that they will offer broadband service to all
32 customers in the targeted unserved service area.

33 The bill provides that rates applicable to wholesale access
34 shall be determined by the commission by rule, in consultation
35 with the chief information officer. The rates are required to

1 take into account and reflect a rate structure with multiple
2 pricing points determined based on the grouping of similar
3 installation characteristics to be identified by the commission
4 by rule, and to incorporate any and all fully allocated costs
5 attributable to facilitating wholesale access. The bill
6 provides that the rates and proposed rate adjustments shall
7 be posted on the network's internet site. In the event of
8 a proposed rate adjustment, the bill requires three public
9 hearings to be held within the targeted unserved service area
10 impacted by the proposed adjustment, to be conducted 30 days
11 following the rate adjustment announcement, 60 days following
12 the announcement, and 90 days following the announcement. The
13 bill provides that following the third public hearing, the
14 commission shall convene to discuss the status of the proposed
15 rate adjustment, and shall render and post a decision regarding
16 the proposed adjustment within 15 days following the date of
17 the commission's meeting. The bill provides that any party
18 wishing to appeal the commission's decision may file such an
19 appeal with the executive council within 30 days following the
20 posting of the commission's decision, and that rate changes
21 shall become effective within 30 days following approval by the
22 commission in the event an appeal is not filed, and immediately
23 after the executive council renders a decision in favor of the
24 adjustment in the event an appeal is filed.

25 The bill provides that the commission shall evaluate whether
26 wholesale access should also be provided to communications
27 service providers and other businesses and entities to
28 facilitate disaster recovery back-up.

29 DIVISION IV — FINANCIAL INCENTIVES. Division IV of the bill
30 requires the Iowa finance authority to establish and administer
31 a broadband revolving loan program to provide low-interest
32 loans to broadband and telecommunications businesses to expand
33 broadband access in targeted unserved or underserved service
34 areas.

35 When determining whether to award a loan to a business, the

1 authority may consider factors specified in the bill and other
2 information the authority deems relevant. When awarding loans,
3 the authority will give preference to businesses seeking to
4 expand broadband access in targeted unserved service areas.

5 The bill provides that a loan awarded under the program to
6 any single business may not exceed \$250,000 per United States
7 census bureau block, or \$2 million overall.

8 The bill requires the authority to enter into an agreement
9 with a business selected to receive a loan under the program
10 to ensure compliance with the program's requirements. The
11 agreement must also set the loan period and the interest rate
12 of the loan.

13 The bill authorizes the authority to seek immediate
14 repayment or recapture of a loan awarded pursuant to the
15 program if the business fails to use the loan moneys to expand
16 broadband access in the state. All payments, repayments, or
17 recaptures, and interest on loans awarded under the program
18 must be remitted to the authority for deposit in the broadband
19 revolving loan program fund. The bill authorizes the authority
20 to use referenced bonding power as necessary to carry out the
21 purpose of the broadband revolving loan program.

22 The bill also establishes a broadband revolving loan program
23 fund under the control of the authority. This fund is to
24 be used to provide low-interest loans under the broadband
25 revolving loan program.

26 DIVISION V — INCOME TAX INCENTIVES. The bill provides
27 a corporate income tax credit for broadband infrastructure
28 installations in an amount equal to 3 percent of the amount
29 expended by a communications service provider in completing a
30 new installation of broadband infrastructure completed on or
31 after July 1, 2014, and subject to a maximum of \$250,000 per
32 census block or \$3 million per installation. The bill requires
33 a taxpayer claiming a credit to certify prior to commencement
34 of the installation that the installation took place within
35 an area meeting the definition of a targeted unserved or

1 underserved service area. The bill provides that any credit
2 in excess of the tax liability for the tax year shall not
3 be refundable but may be credited to the tax liability
4 for the following 10 years or until depleted, whichever is
5 earlier. The bill provides that an individual may claim the
6 tax credit allowed a partnership, limited liability company,
7 S corporation, estate, or trust electing to have the income
8 taxed directly to the individual, and that the amount claimed
9 by the individual shall be based upon the pro rata share of
10 the individual's earnings of a partnership, limited liability
11 company, S corporation, estate, or trust.

12 DIVISION VI — PROPERTY TAX INCENTIVES. The bill provides
13 a property tax exemption for broadband infrastructure newly
14 installed within a targeted unserved or underserved service
15 area on or after July 1, 2014. The bill requires a person
16 claiming the exemption to certify prior to commencement of the
17 installation that the installation took place within an area
18 meeting the definition of a targeted unserved or underserved
19 service area. The tax exemption shall be a 100 percent
20 exemption from taxation on the actual value added by the
21 broadband infrastructure improvements for a period of 10 years.
22 The bill specifies procedures relating to applying for and
23 receiving prior approval for eligibility for the tax exemption
24 from the governing body of the city or county within which the
25 broadband infrastructure installation is proposed, and granting
26 of the tax exemption.

27 DIVISION VII — SCHOOL INFORMATION TECHNOLOGY
28 INFRASTRUCTURE. The bill adds the acquisition or installation
29 of "information technology infrastructure", as defined in the
30 bill, to the definition of "school infrastructure" for purposes
31 of the statewide school infrastructure funding provisions
32 contained in Code chapter 423F.

33 DIVISION VIII — STEM INTERNSHIPS AND DIGITAL SKILLS
34 WORKFORCE TRAINING. The bill establishes a new program
35 within the economic development authority to assist in placing

1 Iowa students studying in the fields of science, technology,
2 engineering, and mathematics into internships that lead to
3 permanent positions with Iowa employers. The bill directs the
4 authority to collaborate with eligible employers, which may
5 include but are not limited to innovative businesses, to ensure
6 that the interns hired are studying in the specified fields,
7 and provides that an Iowa employer may receive financial
8 assistance in the amount of \$1 for every \$1 paid by the
9 employer to an intern studying in Iowa, and \$1 for every \$2
10 paid to an intern studying outside Iowa, limited to an amount
11 not exceeding \$5,000 for any single internship. The bill
12 states that the requirement to establish the internships is
13 contingent upon the provision of funding for such purposes by
14 the general assembly, and then appropriates \$2 million for this
15 purpose for the 2014-2015 fiscal year. The bill provides that
16 no more than 3 percent of the funds appropriated may be used by
17 the authority for costs associated with administration of the
18 program.

19 The bill also directs the department of education to develop
20 and issue a request for proposals regarding selection of
21 a digital skills training provider to establish a digital
22 literacy and workforce training pilot program. The program
23 shall provide digital skills training, including training for
24 teleworking and coworking employment opportunities. The bill
25 provides that distribution and use of any funds appropriated
26 to administer the pilot program shall be determined by the
27 department in coordination with the chief information officer.
28 The bill appropriates \$1.4 million to the department for
29 purposes of program administration for the 2014-2015 fiscal
30 year.