

Senate File 8 - Introduced

SENATE FILE 8

BY ZAUN

A BILL FOR

1 An Act providing for the sale or lease of the Iowa
2 communications network.

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

1 Section 1. SALE OR LEASE OF IOWA COMMUNICATIONS NETWORK.

2 1. The Iowa telecommunications and technology commission
3 shall implement a request for proposals process to sell
4 or lease the Iowa communications network. The request for
5 proposals shall provide for the sale to be concluded or the
6 lease to commence during the fiscal year beginning July 1,
7 2019.

8 2. a. Prior to a sale or lease of the Iowa communications
9 network, the state auditor shall conduct a comprehensive
10 audit and accounting of the network to include the following
11 components:

12 (1) A complete financial audit of the network for the period
13 beginning July 1, 2016, and ending July 1, 2019, to identify
14 the revenues and expenses of the network and verify that
15 charges were properly made to all existing authorized users and
16 booked accurately by such authorized users and the network.

17 (2) A complete inventory audit of all components included
18 in the network, including telecommunications-related and
19 non-telecommunications-related property or equipment. Such
20 inventory shall identify the age and condition of property
21 or equipment purchased or leased by the commission for the
22 operation of the network and verify physical connections to
23 current authorized users.

24 (3) Information identifying and quantifying the value of
25 services provided by the network to current authorized users.

26 (4) Information identifying all current authorized users
27 and business units of the network.

28 b. Following the completion of the comprehensive audit and
29 accounting required pursuant to paragraph "a", an independent
30 appraisal firm shall conduct an appraisal of the network to
31 determine the current market value of the assets listed in the
32 audit and accounting. The independent appraisal firm shall be
33 selected through a competitive bidding process not associated
34 with the network or any of its vendors.

35 c. The results of the audit, accounting, and appraisal of

1 the network conducted pursuant to this subsection shall be made
2 available to the public on an internet site maintained by the
3 commission.

4 3. A sale or lease of the Iowa communications network
5 pursuant to this section shall be conditioned as follows:

6 a. Public funds shall not be used to secure the purchase of
7 the network.

8 b. If the commission seeks outside assistance to implement
9 the request for proposals process, such assistance shall be
10 provided by an independent professional firm selected through a
11 competitive bidding process not associated with the network or
12 any of its vendors.

13 c. The request for proposals shall include a complete list
14 of all assets subject to the sale or lease, as identified
15 pursuant to subsection 2, which shall not be materially altered
16 after the request for proposals is released for bids.

17 d. The request for proposals shall allow a bidder to
18 purchase the network's assets relating to the Iowa national
19 guard.

20 e. The request for proposals shall not require a bidder to
21 subsidize the network's services that are operating at a loss,
22 maintain the network's billing and procurement system, maintain
23 or employ the network's employees, or segregate the network's
24 fiber operations from the bidder's operations.

25 f. The winning bidder selected pursuant to the request
26 for proposals shall demonstrate a commitment to serving the
27 citizens of this state and facilitating rural broadband service
28 throughout the state at or above twenty-five megabits per
29 second of download speed and three megabits per second of
30 upload speed.

31 4. The commission shall submit periodic status reports to
32 the general assembly at three-month intervals, beginning on
33 October 1, 2019, regarding progress made toward selling or
34 leasing the network.

35

EXPLANATION

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

3 This bill directs the Iowa telecommunications and technology
4 commission to implement a request for proposals (RFP) process
5 to sell or lease the Iowa communications network, with the sale
6 or lease to commence during the fiscal year beginning July 1,
7 2019.

8 The bill provides that prior to the sale or lease of the
9 network, the state auditor shall conduct a comprehensive audit
10 and accounting of the network, including a complete financial
11 audit, a complete inventory audit, information relating to the
12 value of services provided by the network, and information
13 identifying all current authorized users of the network, as
14 specified in the bill. The bill further provides that an
15 independent appraisal firm shall conduct an appraisal of the
16 network to determine the current market value of the network's
17 assets. Such firm shall be selected through a competitive
18 bidding process not associated with the network or any of
19 its vendors. The bill requires the results of the audit,
20 accounting, and appraisal to be made available to the public.

21 The bill conditions the sale or lease of the network as
22 follows: public funds shall not be used to secure the purchase
23 of the network; if the commission seeks outside assistance to
24 implement the RFP process, such assistance shall be provided by
25 an independent professional firm selected through a competitive
26 bidding process not associated with the network or any of
27 its vendors; the RFP shall include a complete list of all of
28 the assets subject to the sale or lease, which shall not be
29 materially altered after the RFP is released; the RFP shall
30 allow a bidder to purchase the network's assets relating to
31 the Iowa national guard; the RFP shall not require a bidder to
32 subsidize the network's services that are operating at a loss,
33 maintain the network's billing and procurement system, maintain
34 or employ the network's employees, or segregate operations; and
35 the winning bidder shall demonstrate a commitment to serving

1 the citizens of Iowa and facilitating rural broadband service
2 as specified in the bill.

3 The bill requires the commission to submit status reports
4 to the general assembly every three months, beginning October
5 1, 2019, regarding progress made toward selling or leasing the
6 network.