SENATE FILE 2400
BY COMMITTEE ON APPROPRIATIONS

(SUCCESSOR TO SF 2262)
(SUCCESSOR TO SSB 3112)

(COMPANION TO HF 2459 BY
COMMITTEE ON COMMERCE)

(As Amended and Passed by the Senate March 10, 2020)

_____ = New Language by the Senate

A BILL FOR

An Act relating to broadband service, including matters under the purview of the office of the chief information officer, the empower rural Iowa broadband grant fund, and certain broadband infrastructure tax exemptions, and including effective date and retroactive applicability provisions.

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

Section 1. Section 8B.1, subsections 5, 13, and 14, Code 2020, are amended to read as follows:

5. "*Facilitate*" means a communication service provider's ability to provide broadband service at or above the download and upload speeds specified in the definition of targeted service area in this section or section 8B.11, subsection 5, paragraph "*a*", if applicable, to a home, farm, school, or business within a commercially reasonable time and at a commercially reasonable price upon request by a consumer.

13. "*Targeted service area*" means ~~a~~ any of the following:

a. A United States census bureau census block located in this state, including any crop operation located within the census block, or other geographic unit the office sets by rule, within which no communications service provider offers or facilitates broadband service at or above the download and upload speeds identified by the federal communications commission pursuant to section 706 of the federal Telecommunications Act of 1996, as amended.

b. Any geographic area, as the office sets by rule, that is materially underserved by broadband service such that the download and upload speeds identified by the federal communications commission pursuant to section 706 of the federal Telecommunications Act of 1996, as amended, of the broadband service in the geographic area are not meaningfully available. The office's power to determine the geographic area by rule under this paragraph includes the power to define and interpret standards as to whether a geographic area is materially underserved and broadband service is meaningfully available.

14. "*Underserved area*" means any portion of a targeted service area within which no communications service provider ~~offers or~~ facilitates broadband service meeting the download and upload speeds specified in the definition of targeted service area in this section.

Sec. 2. Section 8B.4, Code 2020, is amended by adding the

following new subsection:

NEW SUBSECTION. 17A. Provide technical assistance to communications service providers related to grant applications under section 8B.11.

Sec. 3. Section 8B.9, subsection 5, Code 2020, is amended to read as follows:

5. An annual report regarding the status of broadband expansion and coordination, the ~~connecting Iowa farms, schools, and communities~~ empower rural Iowa broadband grant program established under section 8B.11, and the adequacy of the speed set in the definition of targeted service area in section 8B.1.

Sec. 4. Section 8B.10, subsection 1, Code 2020, is amended to read as follows:

1. The determination of whether a communications service provider ~~offers or~~ facilitates broadband service meeting the download and upload speeds specified in the definition of targeted service area in section 8B.1 shall be determined or ascertained by reference to broadband availability maps or data sources that are ~~widely accepted for accuracy and available for public review and comment and that are~~ identified by the office by rule. The office shall periodically make renewed determinations of whether a communications service provider ~~offers or~~ facilitates broadband service at or above the download and upload speeds specified in the definition of targeted service area in section 8B.1, which shall, to the extent updated maps and data sources are available at the time, include making such determinations prior to each round of grant applications solicited by the office pursuant to section 8B.11.

Sec. 5. Section 8B.10, Code 2020, is amended by adding the following new subsection:

NEW SUBSECTION. 3. All findings and determinations made pursuant to this section shall exclude mobile wireless or satellite data, capabilities, and delivery mediums.

Sec. 6. Section 8B.11, subsection 1, Code 2020, is amended to read as follows:

1. The office shall administer a broadband grant program designed to reduce or eliminate unserved and underserved areas in the state, leveraging federal funds and public and private partnerships where possible, by awarding grants to communications service providers that reduce or eliminate targeted service areas by installing broadband infrastructure that facilitates broadband service in targeted service areas at or above the download and upload speeds specified in ~~the definition of targeted service area in section 8B.1~~ subsection 5, in accordance with this section.

Sec. 7. Section 8B.11, subsection 2, paragraphs a and b, Code 2020, are amended to read as follows:

a. ~~A connecting Iowa farms, schools, and communities~~ An empower rural Iowa broadband grant fund is established in the state treasury under the authority of the office. The fund shall consist of moneys available to and obtained or accepted by the office. Moneys in the fund are appropriated to the office to be used for the grant program, including for the administration and operation of the grant program.

b. The office shall use moneys in the fund to provide grants to communications service providers pursuant to this section. The office may use moneys in the fund to pay the costs and expenses associated with the administration and operation of the grant program. The office shall use moneys in the fund to leverage available federal moneys if possible.

Sec. 8. Section 8B.11, subsection 2, Code 2020, is amended by adding the following new paragraph:

NEW PARAGRAPH. *d.* Notwithstanding paragraph "*c*" or any provision to the contrary, moneys in the fund that have been awarded but not paid to a communications service provider shall not revert but shall remain available to the office for purposes of administering the award in a manner consistent with the terms and conditions of any corresponding contract or grant agreement governing the administration of the award.

Sec. 9. Section 8B.11, subsection 3, Code 2020, is amended

to read as follows:

3. Communications service providers may apply to the office for a grant pursuant to this section for the installation of broadband infrastructure that facilitates broadband service in targeted service areas at or above the download and upload speeds specified in ~~the definition of targeted service area in section 8B.1~~ subsection 5. ~~The office may, by rule, increase the minimum download and upload speeds for grant eligibility pursuant to this section.~~ The office shall include representatives from schools, communities, agriculture, industry, and other areas as appropriate to review and recommend grant awards. The office shall conduct an open application review process that includes the opportunity for the public to submit factual information as part of a validation process to address claims that a targeted service area is currently served with broadband service at or above the download and upload speeds specified in ~~the definition of targeted service area in section 8B.1~~ subsection 5. Upon completion of the validation process, the office may modify a proposed targeted service area to account for information received during the validation process. The office shall make available a public internet site identifying all publicly available information contained in the applications, the members of the review committee, a summary of the review committee's recommended results, and any results of performance testing conducted after the project is completed.

Sec. 10. Section 8B.11, subsection 4, paragraph a, unnumbered paragraph 1, Code 2020, is amended to read as follows:

The office shall award grants on a competitive basis for the installation of broadband infrastructure that facilitates broadband service in targeted service areas at or above the download and upload speeds specified in ~~the definition of targeted service area in section 8B.1~~ subsection 5, after considering the following:

Sec. 11. Section 8B.11, subsection 4, paragraph a, subparagraph (2), Code 2020, is amended to read as follows:

(2) The applicant's total proposed budget for the project, including ~~the~~ all of the following:

(a) The amount or percentage of local or federal matching funds, if any, and any funding obligations shared between public and private entities~~, and the~~.

(b) The percentage of funding provided directly from the applicant, including whether the applicant requested from the office an amount less than the maximum amount the office could award pursuant to subsection 5 and, if so, the percentage of the project cost that the applicant is requesting.

Sec. 12. Section 8B.11, subsection 5, Code 2020, is amended to read as follows:

5. The office shall not award a grant pursuant to this section that exceeds ~~fifteen~~ any of the following amounts:

a. Thirty-five percent of the communications service provider's project cost, for projects that will result in the installation of broadband infrastructure that will facilitate broadband service providing a minimum download speed of one hundred megabits per second and a minimum upload speed of twenty megabits per second.

b. Fifteen percent of the communications service provider's project cost, for projects that will result in the installation of broadband infrastructure that will facilitate broadband service providing a minimum download speed less than one hundred megabits per second but greater than or equal to the download speed specified in the definition of targeted service area in section 8B.1, and a minimum upload speed less than twenty megabits per second but greater than or equal to the upload speed specified in the definition of targeted service area in section 8B.1.

Sec. 13. Section 427.1, subsection 40, paragraph b, Code 2020, is amended to read as follows:

b. The exemption shall apply to the installation of

broadband infrastructure that facilitates broadband service at or above the download and upload speeds specified in the definition of targeted service area in section 8B.1 commenced and completed on or after July 1, 2015, and before July 1, 2025, in a targeted service area, and used to deliver internet services to the public. A person claiming an exemption under this subsection shall certify to the local assessor prior to commencement of the installation that the installation of broadband infrastructure will facilitate broadband service at or above the download and upload speeds specified in the definition of targeted service area in section 8B.1 within a targeted service area and shall specify the current number of homes, farms, schools, and businesses in the targeted service area ~~that were offered~~ to which broadband service was facilitated and the download and upload speeds available prior to the broadband infrastructure installation for which the exemption is claimed and the number of homes, farms, schools, and businesses in the targeted service area ~~that will be offered~~ to which broadband service will be facilitated and the download and upload speeds that will be available as a result of installation of the broadband infrastructure for which the exemption is claimed.

Sec. 14. Section 427.1, subsection 40, paragraph f, subparagraph (1), subparagraph division (d), Code 2020, is amended to read as follows:

(d) Certification from the office of the chief information officer ~~pursuant to section 8B.10~~ that the installation will facilitate broadband service at or above the download and upload speeds specified in the definition of targeted service area in section 8B.1 in a targeted service area.

Sec. 15. 2019 Iowa Acts, chapter 136, section 6, subsection 1, is amended to read as follows:

1. There is appropriated from the general fund of the state to the office of the chief information officer for the fiscal year beginning July 1, 2019, and ending June 30, 2020, the

following amount, or so much thereof as is necessary, to be used for the purposes designated:

For deposit in the ~~connecting Iowa farms, schools, and communities~~ empower rural Iowa broadband grant fund established under section 8B.11 for a broadband grant program; and for salaries, support, maintenance, and miscellaneous purposes:

..... $ 5,000,000

Sec. 16. EFFECTIVE DATE. This Act, being deemed of immediate importance, takes effect upon enactment.

Sec. 17. RETROACTIVE APPLICABILITY. The following applies retroactively to July 1, 2015:

The section of this Act enacting section 8B.11, subsection 2, paragraph "d".