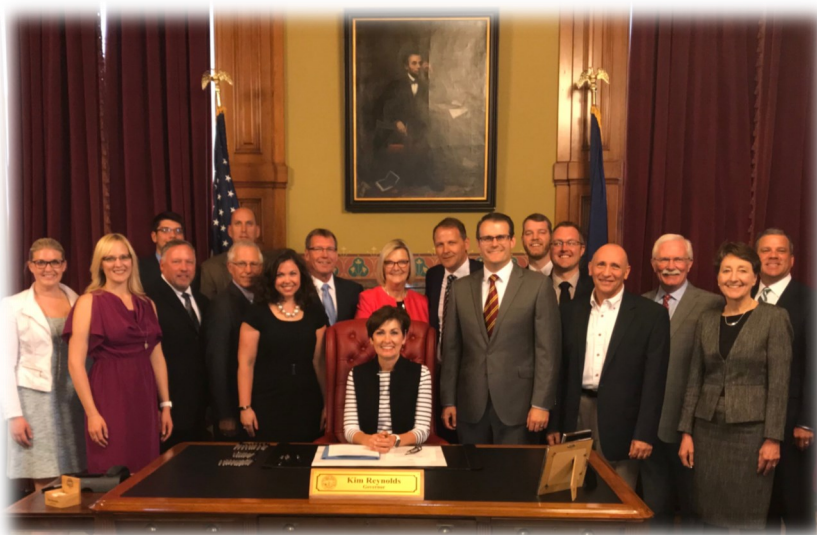


LEGISLATIVE RECAP

2018 Legislative Session



During the 2018 session, the Iowa Legislature passed two pieces of landmark telecom legislation: modernization of the regulatory framework that applies to local exchange carriers and reform of the telecommunications property tax assessment mechanism. The Alliance worked fervently to promote these beneficial policies.

The Legislature considered several other pieces of legislation that touch the telecom industry. Under the guidance of our Legislative Committee, the Alliance monitored legislation with a neutral impact and ardently lobbied to block detrimental measures.

2018 Telecom Bills and Outcomes at a Glance

Governor Signs Telco Property Tax Reform – SF 2388 This bill changes the assessment mechanism of telephone property to be on the same basis as commercial businesses. Additionally, property taxes on transmission property used for telecommunications, cable television, or internet service will be exempted. This ultimately results in the assessed value for these companies as land and buildings only.

The transition to this assessment mechanism will take place during assessment years 2019 to 2021, with full implementation in the 2022 assessment year. During the transition, the Department of Revenue will calculate an assessed value using the current assessment method and keeping both the 40% exemption and broadband buildout exemption in place. As part of the phase in, an additional exemption will be applied as follows:

- ♦ Assessment Year 2019 – 25%
- ♦ Assessment Year 2020 – 50%
- ♦ Assessment Year 2021 – 75%

The first payment that is impacted from this legislation will be September of 2021, assessed from the year ending December 31, 2019. Beginning in 2022, the central assessment process will be discontinued. The responsibility for the assessment will be transferred to county assessors to be performed through the commercial appraisal process. Stand by for a white paper summary of the functional application of telco property tax reform.

The Alliance proposed this bill, wrote the initial bill draft, and pushed it through the finish line! The bill received bipartisan support in both chambers, passing the Senate 35-11 and the House 60-35. Governor Reynolds signed the telco property tax reform bill on May 17, 2018.

Governor Signs Local Exchange Carrier Retail Deregulation – [HF2446](#) A bill to implement retail deregulation of local exchange carriers, authorize the IUB to settle interconnection disputes, require telcos to register with the IUB annually, instead of a certificate of convenience and necessity, and require a \$0.03 pass through fee per line per month for wireline and wireless providers to continue funding the Dual Party Relay/ Equipment Distribution Fund programs. This bill follows two 2017 IUB deregulation orders. Stay tuned for a white paper summary and webcast discussing the practical implementation of LEC deregulation.

ICN Sale/Lease – [SF 2355](#) A bill providing for an audit, accounting, and appraisal of the ICN. The original bill included a provision calling for an RFP to sell or lease the ICN, however, that provision was removed prior to the Senate vote. The bill passed the Senate 49-0. The bill died in the House when the subcommittee voted to recommend “indefinite postponement.”

Critical Infrastructure Sabotage – [SF 2235](#) A bill defining critical infrastructure; defining “critical infrastructure sabotage” as any unauthorized act intended to cause a substantial interruption or impairment of service rendered to the public relating to critical infrastructure, and providing penalties for critical infrastructure sabotage. The bill passed the House 69-31, passed the Senate 35-13, and was signed by Governor Reynolds.

NG 911 – [HF 2254/SF 2307](#) A bill to consolidate the wireline Next Generation 911 network, with continued reimbursement to service providers. The bill passed the House 98-0, passed the Senate 47-0, and was signed by Governor Reynolds.

Detrimental Bills that the Alliance Succeeded in Defeating:

Net Neutrality – [HF 2287](#) & [SF 2286](#) Bills to implement net neutrality rules on the state level and require ISPs to adhere to net neutrality standards, as outlined in the bill, to avoid a civil penalty of up to \$40,000 per violation (the senate file was a bit different). Both bills died without a subcommittee being held.

“Easy Easement” – [HSB 545/ SSB 3055](#) A bill to allow the holder of an easement that was negotiated to maintain or operate an “electric distribution system” (i.e. any REC/MidAmerican) to use the existing easement to attach optical fiber, without acquiring or purchasing additional easement or license rights. The bills were killed by the Commerce committee chair choosing not to bring them before the committee.

End of Session Remarks from Leadership

[Speaker of the House Linda Upmeyer](#)
[House Majority Leader Chris Hagenow](#)
[House Minority Leader Mark Smith](#)
[Senate President Charles Schneider](#)
[Senate Majority Leader Jack Whitver](#)
[Senate Minority Leader Janet Petersen](#)

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