

Continued by

FILED FEB 10 1913

SENATE FILE 233

By HOLDEN

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

A BILL FOR

1 An Act modifying the limitations on investments by a state
2 bank in revenue obligations issued by a political
3 subdivision.

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

- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25

1 Section 1. Section five hundred twenty-four point nine
2 hundred one (524.901), subsection two (2), Code 1979, is
3 amended to read as follows:

4 2. A state bank may invest for its own account in other
5 readily marketable bonds or securities, with investment
6 characteristics as defined by the superintendent by general
7 regulation applicable to all state banks, subject to the
8 following limitations:

9 ~~a--The-total-amount-of-such-bonds-or-securities-of-any~~
10 ~~one-issuer-or-obligor,-other-than-revenue-bonds-issued-by~~
11 ~~a-municipality-pursuant-to-section-419.2,-shall-not-exceed~~
12 ~~twenty-percent-of-the-capital-and-surplus-of-the-state-bank-~~

13 b a. The total amount of revenue bonds issued by a
14 municipality county pursuant to section 419.2 which have been
15 issued on behalf of any one lessee, as defined in section
16 419.1, or which are guaranteed by any one guarantor, or which
17 are issued on behalf of or guaranteed by a corporation, a
18 ten percent or greater ownership interest in which is held
19 by or in common with a lessor or guarantor, or any combination
20 of the foregoing whereby the municipality county could receive
21 revenues for payment of such bonds from any one person or
22 any group of persons under common control, shall not exceed
23 twenty percent of the capital and surplus of the state bank.

24 ~~A-state-bank-shall-obtain-the-express-consent-of-the~~
25 ~~superintendent-prior-to-investment-by-that-bank-of-an-amount~~
26 ~~in-excess-of-twenty-percent-of-its-capital-and-surplus-in~~
27 ~~bonds-or-securities-issued-by-any-one-municipality-~~

28 b. The total amount of revenue bonds issued by a city
29 pursuant to section four hundred nineteen point two (419.2)
30 of the Code which have been issued on behalf of any one lessee,
31 as defined in section four hundred nineteen point one (419.1)
32 of the Code, or which are guaranteed by any one guarantor,
33 or which are issued on behalf of or guaranteed by a corporation
34 in which a ten percent or greater ownership interest is held
35 by or in common with a lessor or guarantor, or any combination

1 of the foregoing whereby the city could receive revenues for
2 payment of the bonds from any one person or any group of
3 persons under common control, shall not exceed twenty percent
4 of the capital and surplus of the state bank.

5 c. The total amount of special assessment bonds issued
6 under section three hundred eighty-four point sixty-eight
7 (384.68) of the Code shall not exceed twenty percent of the
8 capital and surplus of the state bank.

9 d. The total amount of revenue bonds issued under section
10 three hundred eighty-four point eighty-three (384.83) of the
11 Code for purposes of a city utility, combined utility system,
12 city enterprise, or combined city enterprise, or any
13 combination of these, shall not exceed twenty percent of the
14 capital and surplus of the state bank.

15 e. In addition to the specific limitations contained in
16 paragraphs b, c, and d of this subsection, the total amount
17 invested by a state bank in securities referred to in
18 paragraphs b, c, and d of this subsection which are issued
19 by any one city shall not exceed forty percent of the capital
20 and surplus of the state bank.

21 f. The total amount of bonds or securities of any one
22 issuer or obligor, other than those referred to in paragraphs
23 a, b, c and d of this subsection, shall not exceed twenty
24 percent of the capital and surplus of the state bank.

25 e g. No bond or security shall be eligible for investment
26 by a state bank within this subsection if the bond or security
27 has been in default either as to principal or interest at
28 any time within five years prior to the date of purchase.

29 Sec. 2. This Act takes effect on January first after its
30 enactment.

31

EXPLANATION

32 This bill relates to the statutory restrictions on
33 investments by state banks in revenue bonds issued by political
34 subdivisions. Under existing law (Code section 524.901),
35 state banks may invest without limit in general obligations

1 (subsection 1, paragraph e), but investment in revenue bonds
2 issued by any one political subdivision is limited. Paragraphs
3 a and b of subsection 2 limit investment by a state bank in
4 the securities of any one city or county: A maximum of 20%
5 of capital and surplus may be invested in industrial
6 development bonds and an additional 20% of capital and surplus
7 may be invested in other types of revenue obligations.
8 However, the last sentence of paragraph b appears to require
9 approval of the superintendent of banking before aggregate
10 investment in the revenue obligations of any one political
11 subdivision may exceed 20% of capital and surplus.

12 This bill amends Code section 524.901, subsection 2, as
13 follows:

14 1. A state bank could invest up to 40% of its capital
15 and surplus in the industrial revenue bonds and other revenue
16 obligations issued by any one county, and consent of the
17 superintendent is not required. (See subsection 2, paragraphs
18 a and f as amended.)

19 2. A state bank could invest up to 60% of its capital
20 and surplus in revenue obligations issued by any one city
21 (see paragraphs e and f as amended), but subject to a maximum
22 of 20% in any specified type of obligation (see paragraphs
23 b, c, and d as amended). Consent of the superintendent is
24 not required.

25
26
27
28
29
30
31
32
33
34
35