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FILED FEB 24 1981

SENATE FILE 299
BY COMMITTEE ON COMMERCE
(FORMERLY SSB 212)
Approved 2/23 (p. 545)

Passed Senate, Date 3-5-81 (p. 677) Passed House, Date _____
Vote: Ayes 49 Nays 0 Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the duties of the statutory committee with
2 respect to establishing the interest rates on public
3 deposits and obligations.

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

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SENATE FILE 299

S-3134

- 1 Amend Senate File 299 as follows:
- 2 1. Page 1, line 6, by striking the words "supervisor
- 3 of savings and loan associations" and inserting in lieu
- 4 thereof the words "auditor of state or a designee".
- 5 2. Page 2, line 19, by striking the words "supervisor
- 6 of savings and loan associations" and inserting in lieu
- 7 thereof the words "auditor of state or a designee".

S-3134 FILED & ADOPTED (p. 677) BY EDGAR H. HOLDEN
MARCH 5, 1981

1 Section 1. Section 74A.6, subsections 1, 2, 3, 4, and
2 5, Code 1981, are amended to read as follows:

3 1. The ~~rulemaking~~ authority contained in this section
4 shall be exercised by a committee composed of the treasurer
5 of state, the superintendent of banking and the ~~commissioner~~
6 ~~of insurance~~ supervisor of savings and loan associations.

7 2. The committee shall ~~adopt rules pursuant to chapter~~
8 ~~17A establishing~~ establish the ~~annual~~ maximum interest rate
9 to be applicable to obligations referred to in section 74A.2,
10 and this rate shall apply unless the parties agree to a lesser
11 interest rate. The committee shall establish the maximum
12 ~~annual~~ interest rate to be applicable to obligations referred
13 to in section 74A.4.

14 3. The committee shall ~~adopt rules pursuant to chapter~~
15 ~~17A establishing~~ establish recommended interest rates, or
16 formulae for determining recommended interest rates, to be
17 applicable to obligations referred to in sections 74A.3 and
18 74A.7.

19 4. The committee ~~shall establish and~~ from time to time
20 modify shall establish one or more of the interest rates
21 referred to in subsections 2 and 3 as may be necessary in
22 the opinion of the committee to permit the orderly financing
23 of governmental activities, and to minimize interest costs
24 to governmental bodies while permitting a fair return to
25 persons whose funds are used to finance governmental
26 activities. The committee shall consider relevant indices
27 of actual interest rates in the economy when establishing
28 rates under this section, including but not necessarily limited
29 to maximum lawful interest rates payable by depository
30 financial institutions on customer deposits, interest rates
31 payable on obligations issued by the United States government,
32 and interest rates payable on obligations issued by
33 governmental bodies other than those of this state.

34 5. An interest rate established by the committee under
35 this section shall be in effect commencing on the date

1 ~~specified in the rule, and until superseded by a subsequent~~
2 rule eighth calendar day following the day the rate is
3 established and until a new rate is established and takes
4 effect. The committee shall give advisory notice of an
5 interest rate established under this section. This notice
6 may be given by publication in one or more newspapers, by
7 publication in the Iowa administrative bulletin, by ordinary
8 mail to persons directly affected by any other method
9 determined by the committee, or by a combination of these.
10 Actions of the committee under this section are exempt from
11 chapter 17A.

12 Sec. 2. Section 453.6, unnumbered paragraph 1, Code 1981,
13 is amended to read as follows:

14 ~~Henceforth public~~ Public deposits shall be deposited with
15 reasonable promptness and shall except for time certificates
16 of deposit be evidenced by passbook entry by the depository
17 legally designated as depository for such funds. A committee
18 composed of the superintendent of banking, the ~~commissioner~~
19 ~~of insurance~~ supervisor of savings and loan associations,
20 and the treasurer of state shall meet on or about the first
21 of each month or at other times as the committee may prescribe
22 and by majority action shall establish the rate to be earned
23 on state funds placed in time deposits ~~during the period until~~
24 ~~the next meeting of the committee.~~ State funds invested by
25 the treasurer of state in bank time certificates of deposit
26 shall draw interest at the rate so ~~determined~~ established,
27 effective on the date of investment. An interest rate
28 established by the committee under this section shall be in
29 effect commencing on the eighth calendar day following the
30 day the rate is established and until a different rate is
31 established and takes effect. The committee shall give
32 advisory notice of an interest rate established under this
33 section. This notice may be given by publication in one or
34 more newspapers, by publication in the Iowa administrative
35 bulletin, by ordinary mail to persons directly affected, by

1 any other method determined by the committee, or by a
2 combination of these. Actions of the committee under this
3 section are exempt from chapter 17A.

4 EXPLANATION

5 Present law requires a committee composed of the superinten-
6 dent of banking, the commissioner of insurance, and the
7 treasurer of state to establish the interest rates payable
8 on public deposits, and the interest rates that apply to the
9 various types of governmental obligations. This bill modifies
10 the procedures used in establishing these various interest
11 rates.

12 The bill replaces the commissioner of insurance with the
13 supervisor of savings and loan associations.

14 Section 1 also amends Code section 74A.6 to exempt the
15 actions of the committee from the administrative rule
16 procedures and other provisions of chapter 17A when
17 establishing the rates applicable to unpaid warrants, bonds,
18 and other public obligations. New language requires the
19 committee to give an advisory notice whenever rates are
20 changed. Section 1 also amends section 74A.6, subsection
21 2, to provide that the holder of an overdue warrant may agree
22 to accept less than the interest rate established by the
23 committee.

24 Section 2 amends Code section 453.6 to authorize the com-
25 mittee to meet whenever necessary to establish interest rates
26 on public deposits. New language is added to exempt the
27 actions of the committee from chapter 17A, and to require
28 the committee to give an advisory notice whenever rates are
29 changed.

30 Under both sections, new language is added to provide that
31 an interest rate established by the committee is effective
32 on the eighth calendar day following the day when the committee
33 establishes the rate.

34 The bill takes effect July 1 following its enactment.

35

1 Section 1. Section 74A.6, subsections 1, 2, 3, 4, and
2 5, Code 1981, are amended to read as follows:

3 1. The ~~rulemaking~~ authority contained in this section
4 shall be exercised by a committee composed of the treasurer
5 of state, the superintendent of banking and the ~~commissioner~~
6 ~~of insurance~~ auditor of state or a designee.

7 2. The committee shall ~~adopt-rules-pursuant-to-chapter~~
8 ~~47A-establishing~~ establish the ~~annual~~ maximum interest rate
9 to be applicable to obligations referred to in section 74A.2,
10 and this rate shall apply unless the parties agree to a lesser
11 interest rate. The committee shall establish the maximum
12 ~~annual~~ interest rate to be applicable to obligations referred
13 to in section 74A.4.

14 3. The committee shall ~~adopt-rules-pursuant-to-chapter~~
15 ~~47A-establishing~~ establish recommended interest rates, or
16 formulae for determining recommended interest rates, to be
17 applicable to obligations referred to in sections 74A.3 and
18 74A.7.

19 4. The committee ~~shall-establish-and~~ from time to time
20 ~~modify~~ shall establish one or more of the interest rates
21 referred to in subsections 2 and 3 as may be necessary in
22 the opinion of the committee to permit the orderly financing
23 of governmental activities, and to minimize interest costs
24 to governmental bodies while permitting a fair return to
25 persons whose funds are used to finance governmental
26 activities. The committee shall consider relevant indices
27 of actual interest rates in the economy when establishing
28 rates under this section, including but not necessarily limited
29 to maximum lawful interest rates payable by depository
30 financial institutions on customer deposits, interest rates
31 payable on obligations issued by the United States government,
32 and interest rates payable on obligations issued by
33 governmental bodies other than those of this state.

34 5. An interest rate established by the committee under
35 this section shall be in effect commencing on the date

1 ~~specified in the rule, and until superseded by a subsequent~~
2 rule eighth calendar day following the day the rate is
3 established and until a new rate is established and takes
4 effect. The committee shall give advisory notice of an
5 interest rate established under this section. This notice
6 may be given by publication in one or more newspapers, by
7 publication in the Iowa administrative bulletin, by ordinary
8 mail to persons directly affected by any other method
9 determined by the committee, or by a combination of these.
10 Actions of the committee under this section are exempt from
11 chapter 17A.

12 Sec. 2. Section 453.6, unnumbered paragraph 1, Code 1981,
13 is amended to read as follows:

14 ~~Henceforth public~~ Public deposits shall be deposited with
15 reasonable promptness and shall except for time certificates
16 of deposit be evidenced by passbook entry by the depository
17 legally designated as depository for such funds. A committee
18 composed of the superintendent of banking, the ~~commissioner~~
19 ~~of insurance~~ auditor of state or a designee, and the treasurer
20 of state shall meet on or about the first of each month or
21 at other times as the committee may prescribe and by majority
22 action shall establish the rate to be earned on state funds
23 placed in time deposits during the period until the next
24 meeting of the committee. State funds invested by the
25 treasurer of state in bank time certificates of deposit shall
26 draw interest at the rate so ~~determined~~ established, effective
27 on the date of investment. An interest rate established by
28 the committee under this section shall be in effect commencing
29 on the eighth calendar day following the day the rate is
30 established and until a different rate is established and
31 takes effect. The committee shall give advisory notice of
32 an interest rate established under this section. This notice
33 may be given by publication in one or more newspapers, by
34 publication in the Iowa administrative bulletin, by ordinary
35 mail to persons directly affected, by any other method

1 determined by the committee, or by a combination of these.
2 Actions of the committee under this section are exempt from
3 chapter 17A.

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SF 299
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SENATE FILE 299

AN ACT

RELATING TO THE DUTIES OF THE STATUTORY COMMITTEE WITH RESPECT TO ESTABLISHING THE INTEREST RATES ON PUBLIC DEPOSITS AND OBLIGATIONS.

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

Section 1. Section 74A.6, subsections 1, 2, 3, 4, and 5, Code 1981, are amended to read as follows:

1. The ~~rulemaking~~ authority contained in this section shall be exercised by a committee composed of the treasurer of state, the superintendent of banking and the ~~commissioner~~ of insurance auditor of state or a designee.

2. The committee shall ~~adopt rules pursuant to chapter 17A establishing~~ establish the ~~annual~~ maximum interest rate to be applicable to obligations referred to in section 74A.2, and ~~this rate shall apply unless the parties agree to a lesser interest rate.~~ The committee shall establish the maximum annual interest rate to be applicable to obligations referred to in section 74A.4.

3. The committee shall ~~adopt rules pursuant to chapter 17A establishing~~ establish recommended interest rates, or formulae for determining recommended interest rates, to be applicable to obligations referred to in sections 74A.3 and 74A.7.

4. The committee ~~shall establish and~~ from time to time ~~modify~~ shall establish one or more of the interest rates referred to in subsections 2 and 3 as may be necessary in the opinion of the committee to permit the orderly financing of governmental activities, and to minimize interest costs to governmental bodies while permitting a fair return to persons whose funds are used to finance governmental activities. The committee shall consider relevant indices

of actual interest rates in the economy when establishing rates under this section, including but not necessarily limited to maximum lawful interest rates payable by depository financial institutions on customer deposits, interest rates payable on obligations issued by the United States government, and interest rates payable on obligations issued by governmental bodies other than those of this state.

5. An interest rate established by the committee under this section shall be in effect commencing on the ~~date specified in the rule and until superseded by a subsequent rate~~ eighth calendar day following the day the rate is established and until a new rate is established and takes effect. The committee shall give advisory notice of an interest rate established under this section. This notice may be given by publication in one or more newspapers, by publication in the Iowa administrative bulletin, by ordinary mail to persons directly affected by any other method determined by the committee, or by a combination of these. Actions of the committee under this section are exempt from chapter 17A.

Sec. 2. Section 453.6, unnumbered paragraph 1, Code 1981, is amended to read as follows:

~~Henceforth~~ Public deposits shall be deposited with reasonable promptness and shall except for time certificates of deposit be evidenced by passbook entry by the depository legally designated as depository for such funds. A committee composed of the superintendent of banking, the ~~commissioner~~ of insurance auditor of state or a designee, and the treasurer of state shall meet on or about the first of each month or at other times as the committee may prescribe and by majority action shall establish the rate to be earned on state funds placed in time deposits ~~during the period until the next meeting of the committee.~~ State funds invested by the treasurer of state in bank time certificates of deposit shall draw interest at the rate so ~~determined~~ established, effective on the date of investment. An interest rate established by

the committee under this section shall be in effect commencing on the eighth calendar day following the day the rate is established and until a different rate is established and takes effect. The committee shall give advisory notice of an interest rate established under this section. This notice may be given by publication in one or more newspapers, by publication in the Iowa administrative bulletin, by ordinary mail to persons directly affected, by any other method determined by the committee, or by a combination of these. Actions of the committee under this section are exempt from chapter 17A.

TERRY E. BRANSTAD
President of the Senate

DELWYN STROMER
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 299, Sixty-ninth General Assembly.

LINDA HOWARTH MACKAY
Secretary of the Senate

Approved May 5, 1981

ROBERT D. RAY
Governor