

Amend (3464) to Div Res 3/25 (p. 1008)

FILED JAN 28 1985

SENATE FILE 110

BY MANN, BRUNER, COLTON, HORN, HANNON, PRIEBE, GETTINGS, READINGER, SOORHOLTZ, NEIGHBOUR, CARR, WELSH, GRONSTAL, MURPHY, HUSAK, BOSWELL, BROWN and MILLER of Des Moines

Passed Senate, Date 4-8-85 (1230) Passed House, Date 4-26-85 (p. 1916)
Vote: Ayes 31 Nays 15 Vote: Ayes 73 Nays 25
Approved May 30, 1985

A BILL FOR

SF 110

1 An Act prohibiting the treasurer of state from purchasing a
2 security issued by or depositing money in a financial in-
3 stitution participating in loans to the Republic of South
4 Africa, prohibiting funds of the Iowa public employees'
5 retirement system or institutions controlled by the state
6 board of regents from being invested or deposited in fi-
7 nancial institutions or companies which invest in or do
8 business in or with the Republic of South Africa, provid-
9 ing for divestiture of the investments, providing for civil
10 penalties, and providing an effective date.

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

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1 Section 1. NEW SECTION. 12A.1 LEGISLATIVE FINDING.

2 The legislature finds that the present government of the
3 Republic of South Africa, through its legally sanctioned
4 policies of racial discrimination, is violative of both the
5 substance and the intent of Iowa laws protecting individuals
6 from unjust discrimination. Therefore, the legislature
7 intends that state funds and funds administered by the state
8 shall not be invested or deposited in financial institutions
9 or companies making loans to or doing business with or in the
10 Republic of South Africa.

11 Sec. 2. NEW SECTION. 12A.2 DEFINITIONS.

12 As used in this chapter, unless the context otherwise
13 requires:

14 1. "Financial institution" means a federal-chartered or
15 state-chartered bank, savings and loan, or thrift institution,
16 or any other institution permitted by state or federal law to
17 receive deposits of money and to pay out that money through
18 loans, draft accounts, or the sale of financial institution
19 securities.

20 2. "Financial institution security" means a stock or bond
21 issued by a financial institution, or a certificate of
22 deposit, bankers acceptance, or other negotiable security
23 issued by a financial institution.

24 3. "Republic of South Africa" includes the government, an
25 agency, or an instrumentality of the Republic of South Africa,
26 and any territory under the administration, legal or illegal,
27 of the Republic of South Africa including the "bantustans" or
28 "homelands" to which South African blacks are assigned on the
29 basis of ethnic origin such as the Transkei, Bophuthatswana,
30 Venda, Ciskei, and Kwazulu.

31 4. "Value" consists of cash, the par value or unpaid
32 balance of all unmatured or unpaid investments requiring the
33 payment of a fixed amount at payment date, and the cost price
34 of all other investments.

35 Sec. 3. NEW SECTION. 12A.3 PROHIBITED INVESTMENTS AND

1 DEPOSITS.

2 1. The treasurer of state shall not purchase or acquire a
3 financial institution security issued by a financial
4 institution or deposit assets of the state of Iowa in a
5 financial institution which directly or through a subsidiary
6 participates in a loan to the Republic of South Africa.

7 2. The state board of regents shall not invest or deposit
8 funds belonging to the institutions under the control of the
9 state board of regents in a financial institution which
10 directly or through its subsidiaries has outstanding loans to
11 the Republic of South Africa, or in the stocks, securities, or
12 other obligations of a company doing business in or with the
13 Republic of South Africa.

14 3. The Iowa department of job service shall not invest or
15 deposit funds from the Iowa public employment retirement fund
16 in a financial institution which directly or through its
17 subsidiaries has outstanding loans to the Republic of South
18 Africa, or in the stocks, securities, or other obligations of
19 a company doing business in or with the Republic of South
20 Africa.

21 Sec. 4. NEW SECTION. 12A.4 DIVESTITURE.

22 1. The treasurer of state, the state board of regents, and
23 the department of job service shall begin to sell investments
24 prohibited under section 12A.3 no later than July 1, 1986.
25 The sale of investments may be spread over not more than three
26 years. However, not less than one-third of the value of the
27 investments shall be sold in the fiscal year beginning July 1,
28 1986.

29 2. As long as funds remain in investments that would be
30 prohibited under section 12A.3, the treasurer, the board of
31 regents, and the department of job service shall:

32 a. File with the general assembly, not later than January
33 20 of each year, a report listing all South Africa-related
34 investments administered by the treasurer or the board of
35 regents and their value as of the preceding December 31.

1 b. Exercise its right to vote stock of companies doing
2 business in or with the Republic of South Africa at annual
3 meetings and shall not assign the right as a proxy to
4 management of the company.

5 c. Vote to require companies doing business in or with the
6 Republic of South Africa to divest themselves of investments
7 prohibited under section 12A.3 and to cease doing business in
8 or with the Republic of South Africa and shall vote the issues
9 relating to the stock shares to ensure socially useful
10 investment policies giving priority to investments in
11 institutions or companies that invest or conduct business
12 operations in Iowa to the extent prudent, practicable, and in
13 compliance with this chapter and other law.

14 Sec. 5. NEW SECTION. 12A.5 REINVESTMENT OF PROCEEDS.

15 Proceeds of the sales of investments prohibited under
16 section 12A.3 shall be reinvested in institutions or companies
17 which invest or conduct business operations in Iowa so long as
18 the investments are prudent, practicable, and in compliance
19 with this chapter and other law.

20 Sec. 6. NEW SECTION. 12A.6 ESTABLISHING ELIGIBILITY.

21 1. A financial institution or other company ineligible to
22 receive investments or deposits may establish eligibility if
23 documentary evidence is submitted to the agency administering
24 the funds for which eligibility is sought. The evidence must
25 be sufficient to establish that the financial institution or
26 company has adopted a written policy that prohibits the
27 lending of its assets to or doing business with the Republic
28 of South Africa. As used in this section, "documentary
29 evidence" includes, but is not limited to, an executed
30 affidavit by an appropriate officer of the financial
31 institution or company, in a form prepared by the agency,
32 attesting to the fact that the financial institution prohibits
33 the lending of its assets or doing business with the Republic
34 of South Africa. The agency shall attempt to verify
35 compliance by checking sources of information not affiliated

1 with the financial institution.

2 2. The treasurer of state, the board of regents, and the
3 department of job service shall adopt rules under chapter 17A
4 to implement this Act including rules to assess civil
5 penalties against a person who files false or misleading
6 documentary evidence. Penalties shall be deposited in the
7 state general fund. The civil penalties shall not exceed five
8 thousand dollars for each violation. All civil penalties
9 collected shall be deposited in the state general fund.

10 Sec. 7. Section 12.8, unnumbered paragraph 1, Code 1985,
11 is amended to read as follows:

12 The treasurer of state shall invest or deposit, subject to
13 chapter 12A and as provided by law, any of the public funds
14 not currently needed for operating expenses and shall do so
15 upon receipt of monthly notice from the state comptroller of
16 such the amount not so needed. In the event of loss on
17 redemption or sale of securities, ~~where~~ invested as prescribed
18 by law, and ~~any-such~~ if the transaction is reported to the
19 executive council, neither the treasurer nor comptroller ~~shall~~
20 be are personally liable but such the loss shall be charged
21 against such the funds as which would have received the
22 profits or interest of the investment and there is hereby
23 appropriated from such the funds an the amount ~~as-may-be~~ so
24 required.

25 Sec. 8. Section 97B.7, subsection 2, paragraph b,
26 unnumbered paragraph 1, Code 1985, is amended to read as
27 follows:

28 Invest, subject to chapter 12A, such the portion of said
29 the trust funds as which in the judgment of the department are
30 is not needed for current payment of benefits under this
31 chapter in interest-bearing securities issued by the United
32 States, or interest-bearing bonds issued by the state of Iowa,
33 or bonds issued by counties, or school districts, or general
34 obligations or limited levy bonds issued by municipal
35 corporations in this state as authorized by law, or other

1 investments authorized for life insurance companies in this
2 state including common stocks issued or guaranteed by a
3 corporation created or existing under the laws of the United
4 States or any state, district, or territory thereof of the
5 United States subject to the following restrictions:

6 Sec. 9. Section 262.14, unnumbered paragraph 1, Code 1985,
7 is amended to read as follows:

8 The board may invest funds belonging to ~~said~~ the
9 institutions, subject to chapter 12A and the following
10 regulations:

11 Sec. 10. Section 262.14, subsection 3, Code 1985, is
12 amended by striking the subsection and inserting in lieu
13 thereof the following:

14 3. Any portion of the funds may be invested in any of the
15 following:

16 a. Bonds or other evidences of indebtedness issued, as-
17 sumed or guaranteed by the government or an agency or instru-
18 mentality of the United States.

19 b. Bonds of this state or of a county, city, or school
20 district in this state.

21 c. Commercial paper receiving the highest quality rating
22 by a generally recognized rating agency such as Moody's in-
23 vestor service or Standard and Poor's.

24 Sec. 11. Section 262.14, subsection 4, Code 1985, is
25 amended to read as follows:

26 4. Any A gift accepted by the ~~Iowa~~ state board of regents
27 for the use and benefit of any an institution under its
28 control may be invested in securities designated by the donor,
29 but ~~whenever-such~~ if gifts are accepted and the money invested
30 according to the request of the ~~said~~ donor, neither the state,
31 the Iowa state board of regents, nor any member thereof of the
32 state board of regents, shall-be is liable therefor for or on
33 account thereof of the investments. If chapter 12A requires
34 the divestiture of securities designated by the donor, the
35 donor shall be contacted and requested to make an alternative

1 to sections in the new chapter in this bill.

2 The Act becomes effective July 1, 1986.

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S-3464

SENATE FILE 110

1 Amend Senate File 110 as follows:

2 1. Page 1, by inserting after line 34 the fol-
3 lowing:

4 "5. "Doing business in the Republic of South
5 Africa" means conducting or performing manufacturing,
6 assembly or warehousing operations within the Republic
7 of South Africa.

8 6. "Doing business with the Republic of South
9 Africa" means supplying strategic products or services
10 for use by the government of South Africa or for use
11 by the military or police in South Africa.

12 7. "Strategic products or services" means articles
13 designated as arms, ammunition and implements of war
14 in 22 C.F.R. § 121, and data processing equipment and
15 computers sold for military or police use or for use
16 in connection with the pass system as practiced in the
17 Republic of South Africa."

18 2. Page 2, by inserting after line 20 the
19 following:

20 " . This section does prohibit either of the
21 following:

22 a. The purchase of securities issued by the United
23 States government or agreements to purchase or
24 repurchase such securities or securities issued by
25 firms not otherwise prohibited from purchase under
26 this chapter.

27 b. Custodial agreements or accounts used for
28 purchases and sales of securities otherwise acceptable
29 under this chapter."

30 3. Page 2, line 25, by striking the word "three"
31 and inserting the following: "five".

32 4. Page 2, line 26, by striking the word "one-
33 third" and inserting the following: "one-fifth".

34 5. Page 2, line 34, by striking the words
35 "treasurer or" and inserting the following:

36 "treasurer,".

37 6. Page 2, line 35, by inserting after the word
38 "regents" the following: ", or the department of job
39 service".

40 7. Page 3, by striking lines 1 through 13 and
41 inserting the following:

42 "b. Exercise its right to vote stock in any
43 election in order to require the company doing
44 business in or with the Republic of South Africa to
45 divest itself of investments in the Republic of South
46 Africa and to cease doing business in or with the
47 Republic of South Africa or to prevent the company
48 from entering into any investment or business in or
49 with the Republic of South Africa."

50 8. Page 3, line 20, by striking the word

1 "ESTABLISHING".

2 9. Page 3, by inserting after line 20 the
3 following:

4 "_____. The treasurer of state shall maintain a list
5 of financial institutions and companies that make
6 loans to, invest in, or do business with the Republic
7 of South Africa. The list shall be developed with
8 reference to information obtained from the United
9 States department of commerce. The treasurer of
10 state, the state board of regents, and the department
11 of job service shall not invest in or deposit funds in
12 a financial institution or a company on the list. The
13 treasurer of state shall mail written notification to
14 each financial institution or company on the divesti-
15 ture list."

16 10. Page 3, by striking lines 23 and 24 and
17 inserting the following: "documentary evidence is
18 submitted to the treasurer of state. The evidence
19 must".

20 11. Page 3, line 31, by striking the word
21 "agency" and inserting the following: "treasurer of
22 state".

23 12. Page 3, line 32, by inserting after the word
24 "institution" the following: "or company".

25 13. Page 3, line 34, by striking the word
26 "agency" and inserting the following: "treasurer of
27 state".

28 14. By striking page 5, line 11 through page 6,
29 line 12.

30 15. By renumbering as necessary.

S-3464 Filed March 25, 1985

By COMMITTEE ON STATE GOVERNMENT

Adopted as amended by 3585 4/8 (p. 1230)

S-3585

SENATE FILE 110

1 Amend the amendment S-3464 to Senate File 110 as
2 follows:

3 1. Page 1, line 20, by inserting after the word
4 "does" the following: "not".

S-3585 Filed April 2, 1985

By BRUNER

Adopted 4/8 (p. 1230)

S-3612

SENATE FILE 110

1 Amend Senate File 110 as follows:

2 1. Page 2, by inserting after line 20 the
3 following:

4 "____. This section shall not apply to companies
5 doing business in the Republic of South Africa who
6 have adopted the Sullivan principles and have obtained
7 a performance rating in the top two categories of the
8 Sullivan principles rating system prepared by Arthur
9 D. Little, Inc., or are in categories four or five of
10 the rating system.

11 The treasurer of state shall maintain a list of
12 such companies in accordance with the provisions of
13 section 12A.6."

14 2. Page 2, line 23, by striking the words "begin
15 to sell" and inserting the following: "make no
16 additional".

17 3. Page 2, line 24, by striking the figure "1986"
18 and inserting the following: "1985 and shall begin to
19 sell investments prohibited under section 12A.3 no
20 later than July 1, 1988, unless the general assembly
21 determines that substantial and fundamental progress
22 in establishing human rights policies in the Republic
23 of South Africa has occurred".

24 4. Page 2, lines 27 and 28, by striking the words
25 "in the fiscal year beginning July 1, 1986" and
26 inserting the following: "by July 1, 1988".

27 5. Page 6, by striking line 13.

28 6. Title page, line 9, by inserting after the
29 word "investments," the word "and".

30 7. Title page, by striking line 10 and inserting
31 the following: "penalties."

S-3612 Filed April 2, 1985

Adopted 4/8 (p. 1231)

By SMALL, HUTCHINS & DRAKE

SENATE FILE 110

(AS AMENDED AND PASSED
BY THE SENATE APRIL 8, 1985)

BY MANN, BRUNER, COLTON, HORN,
HANNON, PRIEBE, GETTINGS,
READINGER, SOORHOLTZ,
NEIGHBOUR, CARR, WELSH,
GRONSTAL, MURPHY, HUSAK,
BOSWELL, BROWN and MILLER
of Des Moines

Re Passed Senate, Date 4-29-85 (p.1737) Passed House, Date 4-26-85 (p.1916)

Vote: Ayes 32 Nays 13 Vote: Ayes 73 Nays 25

Approved May 30, 1985

A BILL FOR

1 An Act prohibiting the treasurer of state from purchasing a
2 security issued by or depositing money in a financial insti-
3 tution participating in loans to the Republic of South
4 Africa, prohibiting funds of the Iowa public employees'
5 retirement system or institutions controlled by the state
6 board of regents from being invested or deposited in fi-
7 nancial institutions or companies which invest in or do
8 business with or in the Republic of South Africa, provid-
9 ing for divestiture of the investments, and providing for
10 civil penalties.

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

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_____ = New Language
by the Senate
* = Language Stricken
by the Senate

1 Section 1. NEW SECTION. 12A.1 LEGISLATIVE FINDING.

2 The legislature finds that the present government of the
3 Republic of South Africa, through its legally sanctioned
4 policies of racial discrimination, is violative of both the
5 substance and the intent of Iowa laws protecting individuals
6 from unjust discrimination. Therefore, the legislature
7 intends that state funds and funds administered by the state
8 shall not be invested or deposited in financial institutions
9 or companies making loans to or doing business with or in the
10 Republic of South Africa.

11 Sec. 2. NEW SECTION. 12A.2 DEFINITIONS.

12 As used in this chapter, unless the context otherwise
13 requires:

14 1. "Financial institution" means a federal-chartered or
15 state-chartered bank, savings and loan, or thrift institution,
16 or any other institution permitted by state or federal law to
17 receive deposits of money and to pay out that money through
18 loans, draft accounts, or the sale of financial institution
19 securities.

20 2. "Financial institution security" means a stock or bond
21 issued by a financial institution, or a certificate of
22 deposit, bankers acceptance, or other negotiable security
23 issued by a financial institution.

24 3. "Republic of South Africa" includes the government, an
25 agency, or an instrumentality of the Republic of South Africa,
26 and any territory under the administration, legal or illegal,
27 of the Republic of South Africa including the "bantustans" or
28 "homelands" to which South African blacks are assigned on the
29 basis of ethnic origin such as the Transkei, Bophuthatswana,
30 Venda, Ciskei, and Kwazulu.

31 4. "Value" consists of cash, the par value or unpaid
32 balance of all unmatured or unpaid investments requiring the
33 payment of a fixed amount at payment date, and the cost price
34 of all other investments.

35 5. "Doing business in the Republic of South Africa" means

1 conducting or performing manufacturing, assembly or
2 warehousing operations within the Republic of South Africa.

3 6. "Doing business with the Republic of South Africa"
4 means supplying strategic products or services for use by the
5 government of South Africa or for use by the military or
6 police in South Africa.

7 7. "Strategic products or services" means articles
8 designated as arms, ammunition and implements of war in 22
9 C.F.R. § 121, and data processing equipment and computers sold
10 for military or police use or for use in connection with the
11 pass system as practiced in the Republic of South Africa.

12 Sec. 3. NEW SECTION. 12A.3 PROHIBITED INVESTMENTS AND
13 DEPOSITS.

14 1. The treasurer of state shall not purchase or acquire a
15 financial institution security issued by a financial
16 institution or deposit assets of the state of Iowa in a
17 financial institution which directly or through a subsidiary
18 participates in a loan to the Republic of South Africa.

19 2. The state board of regents shall not invest or deposit
20 funds belonging to the institutions under the control of the
21 state board of regents in a financial institution which
22 directly or through its subsidiaries has outstanding loans to
23 the Republic of South Africa, or in the stocks, securities, or
24 other obligations of a company doing business in or with the
25 Republic of South Africa.

26 3. The Iowa department of job service shall not invest or
27 deposit funds from the Iowa public employment retirement fund
28 in a financial institution which directly or through its
29 subsidiaries has outstanding loans to the Republic of South
30 Africa, or in the stocks, securities, or other obligations of
31 a company doing business in or with the Republic of South
32 Africa.

33 4. This section does not prohibit either of the following:
34 a. The purchase of securities issued by the United States
35 government or agreements to purchase or repurchase such

1 securities or securities issued by firms not otherwise
2 prohibited from purchase under this chapter.

3 b. Custodial agreements or accounts used for purchases and
4 sales of securities otherwise acceptable under this chapter.

5 5. This section shall not apply to companies doing
6 business in the Republic of South Africa who have adopted the
7 Sullivan principles and have obtained a performance rating in
8 the top two categories of the Sullivan principles rating
9 system prepared by Arthur D. Little, Inc., or are in
10 categories four or five of the rating system.

11 The treasurer of state shall maintain a list of such
12 companies in accordance with the provisions of section 12A.6.

13 Sec. 4. NEW SECTION. 12A.4 DIVESTITURE.

14 1. The treasurer of state, the state board of regents, and
15 the department of job service shall make no additional
16 investments prohibited under section 12A.3 no later than July
17 1, 1985 and shall begin to sell investments prohibited under
18 section 12A.3 no later than July 1, 1988, unless the general
19 assembly determines that substantial and fundamental progress
20 in establishing human rights policies in the Republic of South
21 Africa has occurred. The sale of investments may be spread over
22 not more than five years. However, not less than one-fifth of
23 the value of the investments shall be sold by July 1, 1988.

24 2. As long as funds remain in investments that would be
25 prohibited under section 12A.3, the treasurer, the board of
26 regents, and the department of job service shall:

27 a. File with the general assembly, not later than January
28 20 of each year, a report listing all South Africa-related
29 investments administered by the treasurer, the board of
30 regents, or the department of job service and their value as
31 of the preceding December 31.

32 b. Exercise its right to vote stock in any election in
33 order to require the company doing business in or with the
34 Republic of South Africa to divest itself of investments in
35 the Republic of South Africa and to cease doing business in or

1 with the Republic of South Africa or to prevent the company
2 from entering into any investment or business in or with the
3 Republic of South Africa.

4 Sec. 5. NEW SECTION. 12A.5 REINVESTMENT OF PROCEEDS.

5 Proceeds of the sales of investments prohibited under
6 section 12A.3 shall be reinvested in institutions or companies
7 which invest or conduct business operations in Iowa so long as
8 the investments are prudent, practicable, and in compliance
9 with this chapter and other law.

* 10 Sec. 6. NEW SECTION. 12A.6 ELIGIBILITY.

11 1. The treasurer of state shall maintain a list of
12 financial institutions and companies that make loans to,
13 invest in, or do business with the Republic of South Africa.

14 The list shall be developed with reference to information
15 obtained from the United States department of commerce. The
16 treasurer of state, the state board of regents, and the
17 department of job service shall not invest in or deposit funds
18 in a financial institution or a company on the list. The
19 treasurer of state shall mail written notification to each
20 financial institution or company on the divestiture list.

21 2. A financial institution or other company ineligible to
22 receive investments or deposits may establish eligibility if
23 documentary evidence is submitted to the treasurer of state.
24 The evidence must be sufficient to establish that the
25 financial institution or company has adopted a written policy
26 that prohibits the lending of its assets to or doing business
27 with the Republic of South Africa. As used in this section,
28 "documentary evidence" includes, but is not limited to, an
29 executed affidavit by an appropriate officer of the financial
30 institution or company, in a form prepared by the treasurer of
31 state, attesting to the fact that the financial institution or
32 company prohibits the lending of its assets or doing business
33 with the Republic of South Africa. The treasurer of state
34 shall attempt to verify compliance by checking sources of
35 information not affiliated with the financial institution.

1 3. The treasurer of state, the board of regents, and the
2 department of job service shall adopt rules under chapter 17A
3 to implement this Act including rules to assess civil
4 penalties against a person who files false or misleading
5 documentary evidence. Penalties shall be deposited in the
6 state general fund. The civil penalties shall not exceed five
7 thousand dollars for each violation. All civil penalties
8 collected shall be deposited in the state general fund.

9 Sec. 7. Section 12.8, unnumbered paragraph 1, Code 1985,
10 is amended to read as follows:

11 The treasurer of state shall invest or deposit, subject to
12 chapter 12A and as provided by law, any of the public funds
13 not currently needed for operating expenses and shall do so
14 upon receipt of monthly notice from the state comptroller of
15 such the amount not so needed. In the event of loss on
16 redemption or sale of securities, ~~where~~ invested as prescribed
17 by law, and ~~any-such~~ if the transaction is reported to the
18 executive council, neither the treasurer nor comptroller ~~shall~~
19 be are personally liable but such the loss shall be charged
20 against such the funds as which would have received the
21 profits or interest of the investment and there is hereby
22 appropriated from such the funds an the amount ~~as-may-be~~ so
23 required.

24 Sec. 8. Section 97B.7, subsection 2, paragraph b,
25 unnumbered paragraph 1, Code 1985, is amended to read as
26 follows:

27 Invest, subject to chapter 12A, such the portion of said
28 the trust funds as which in the judgment of the department are
29 is not needed for current payment of benefits under this
30 chapter in interest-bearing securities issued by the United
31 States, or interest-bearing bonds issued by the state of Iowa,
32 or bonds issued by counties, or school districts, or general
33 obligations or limited levy bonds issued by municipal
34 corporations in this state as authorized by law, or other
35 investments authorized for life insurance companies in this

1 state including common stocks issued or guaranteed by a
2 corporation created or existing under the laws of the United
3 States or any state, district, or territory thereof of the
4 United States subject to the following restrictions:

5 Sec. 9. Section 262.14, unnumbered paragraph 1, Code 1985,
6 is amended to read as follows:

7 The board may invest funds belonging to ~~said~~ the
8 institutions, subject to chapter 12A and the following
9 regulations:

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SENATE FILE 110

H-3831

1 Amend Senate File 110 as amended, passed, and
2 reprinted by the Senate as follows:

3 1. Page 1, line 19, by inserting after the word
4 "securities" the following: "and affiliate of the
5 foregoing".

6 2. Page 1, by striking lines 20 through 23 and
7 inserting the following:

8 "_____. "Affiliate" means any entity controlling,
9 controlled by or under common control with a financial
10 institution."

11 3. Page 2, by striking line 2 and inserting the
12 following: "warehousing or other operations within
13 the Republic of South Africa, except that it shall not
14 mean any company which has adopted the Sullivan
15 principles and has obtained a performance rating in
16 the top two categories of the Sullivan principles
17 rating system prepared by Arthur D. Little, Inc., or
18 is in categories four or five of the rating system."

19 4. Page 2, by striking lines 4 through 6 and
20 inserting the following: "means directly or
21 indirectly supplying strategic products or services
22 for use by the government of South Africa or for use
23 by the military or police in South Africa. This
24 includes, but is not limited to, transactions carried
25 out through intermediary corporations."

26 5. Page 2, by striking lines 14 through 32 and
27 inserting the following:

28 "1. The treasurer of state shall not invest or
29 deposit funds belonging to the state of Iowa in a
30 financial institution which has made a loan, after the
31 effective date of this Act, to the Republic of South
32 Africa, or in the stocks, securities, or other
33 obligations of such a financial institution or of any
34 company doing business in or with the Republic of
35 South Africa.

36 2. The state board of regents shall not invest or
37 deposit funds belonging to the institutions under the
38 control of the state board of regents in a financial
39 institution which has made a loan, after the effective
40 date of this Act, to the Republic of South Africa, or
41 in the stocks, securities, or other obligations of
42 such a financial institution or of any company doing
43 business in or with the Republic of South Africa.

44 3. The Iowa department of job service shall not
45 invest or deposit funds from the Iowa public
46 employment retirement fund in a financial institution
47 which has made a loan, after the effective date of
48 this Act, to the Republic of South Africa, or in the
49 stocks, securities or other obligations of such a
50 financial institution or of any company doing business

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- 1 in or with the Republic of South Africa."
 2 6. By striking page 2, line 33 through page 3,
 3 line 12.
 4 7. Page 3, by striking lines 14 through 23 and
 5 inserting the following:
 6 "1. The treasurer of state, the state board of
 7 regents, and the department of job service shall make
 8 no additional investments of the type prohibited under
 9 section 12A.3 subsequent to June 30, 1985. The sale
 10 of investments required to be sold under section 12A.3
 11 shall be completed by July 1, 1990, unless prior
 12 thereto the general assembly determines that
 13 substantial and fundamental progress in establishing
 14 human rights policies in the Republic of South Africa
 15 has occurred. Subject to any such action of the
 16 general assembly not less than one fifth of the value
 17 of the investments held on July 1, 1985 shall be sold
 18 in the year beginning July 1, 1988."
 19 8. Page 4, by striking lines 4 through 9.
 20 9. Page 4, by striking lines 16 through 18.

H-3831 FILED APRIL 16, 1985 BY LLOYD-JONES of Johnson

H/D 4/26 (p. 1915)

SENATE FILE 110

H-3830

- 1 Amend Senate File 110 as amended, passed and
 2 reprinted by the Senate as follows:
 3 1. Page 2, by striking lines 9 through 11 and
 4 inserting the following: "C.F.R. § 121, and data
 5 processing equipment, computers, and petroleum
 6 products."

H-3830 FILED APRIL 16, 1985 BY LLOYD-JONES of Johnson

H/D 4/26 (p. 1915)

SENATE FILE 110

H-3805

- 1 Amend Senate File 110 as amended, passed and
 2 reprinted by the Senate as follows:
 3 1. Page 3, by striking lines 5 through 12.

H-3805 FILED APRIL 16, 1985 BY TEAFORD of Black Hawk

H/D 4/26 (p. 1914)

SENATE FILE 110

H-3868

1 Amend amendment H-3831 to Senate File 110 as
2 amended, passed and reprinted by the Senate as
3 follows:
4 1. Page 1, line 15, by adding after the word
5 "and" the words ", during three of the preceding
6 five years,".

H-3868 FILED APRIL 17, 1985 BY STROMER of Hancock
o/c 4/26 (p. 1915)

SENATE FILE 110

H-3869

1 Amend H-3831 to Senate File 110 as amended, passed,
2 and reprinted by the Senate as follows:
3 1. Page 2, by striking line 10 and inserting the
4 following: "of securities and investments held by the
5 treasurer of state, the state board of regents, and
6 the department of job service on the effective date of
7 this Act that are prohibited under section 12A.3".
8 2. Page 2, by inserting after line 19 the
9 following:

10 "_____. Page 4, by striking lines 11 through 20 and
11 inserting the following:

12 "1. The treasurer of state shall maintain a list
13 of companies that do business in or with the Republic
14 of South Africa. The list shall be developed with
15 reference to information obtained from the United
16 States department of commerce and Arthur D. Little,
17 Inc. and other authoritative sources. The treasurer
18 shall mail written notification to each company on the
19 divestiture list.""

H-3869 FILED APRIL 17, 1985 BY LLOYD-JONES of Johnson
o/c 4/26 (p. 1915)

SENATE FILE 110

H-3885

1 Amend amendment H-3831 to Senate File 110 as
2 amended, passed and reprinted by the Senate as
3 follows:
4 1. Page 1, by striking lines 13 through 18 and
5 inserting in lieu thereof the following: "the
6 Republic of South Africa.""

H-3885 FILED APRIL 18, 1985 BY TEAFORD of Black Hawk
o/c 4/26 (p. 1915)

SENATE FILE 110

H-3908

1 Amend Senate File 110 as amended, passed, and
2 reprinted by the Senate as follows:

3 1. Page 1, by striking lines 15 and 16 and
4 inserting the following: "state-chartered bank,
5 savings and loan, thrift institution, any other
6 institution, or affiliate of the foregoing permitted
7 by state or federal law to".

8 2. Page 1, by inserting after line 19 the
9 following:

10 "____. "Affiliate" means any entity controlling,
11 controlled by or under common control with a financial
12 institution."

13 3. Page 2, by striking line 2 and inserting the
14 following: "warehousing or other operations within
15 the Republic of South Africa, except that it shall not
16 mean any company which has adopted the Sullivan
17 principles and has obtained a performance rating in
18 the top two categories of the Sullivan principles
19 rating system prepared by Arthur D. Little, Inc., or
20 is in categories four or five of the rating system."

21 4. Page 2, by striking lines 4 through 6 and
22 inserting the following: "means directly or
23 indirectly supplying strategic products or services
24 for use by the government of South Africa or for use
25 by the military or police in South Africa. This
26 includes, but is not limited to, transactions carried
27 out through intermediary corporations."

28 5. Page 2, by striking lines 14 through 32 and
29 inserting the following:

30 "1. The treasurer of state shall not invest or
31 deposit funds belonging to the state of Iowa in a
32 financial institution which has made a loan, after the
33 effective date of this Act, to the Republic of South
34 Africa, or in the stocks, securities, or other
35 obligations of such a financial institution or of any
36 company doing business in or with the Republic of
37 South Africa.

38 2. The state board of regents shall not invest or
39 deposit funds belonging to the institutions under the
40 control of the state board of regents in a financial
41 institution which has made a loan, after the effective
42 date of this Act, to the Republic of South Africa, or
43 in the stocks, securities, or other obligations of
44 such a financial institution or of any company doing
45 business in or with the Republic of South Africa.

46 3. The Iowa department of job service shall not
47 invest or deposit funds from the Iowa public
48 employment retirement fund in a financial institution
49 which has made a loan, after the effective date of
50 this Act, to the Republic of South Africa, or in the

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1 stocks, securities or other obligations of such a
2 financial institution or of any company doing business
3 in or with the Republic of South Africa."

4 6. Page 2, line 33, by striking the word "either"
5 and inserting the following: "any".

6 7. Page 3, by inserting after line 4 the
7 following:

8 "c. The deposit of funds with a paying agent for
9 bonds of the state board of regents issued prior to
10 January 1, 1985."

11 8. Page 3, by striking lines 14 through 23 and
12 inserting the following:

13 "1. The treasurer of state, the state board of
14 regents, and the department of job service shall make
15 no additional investments of the type prohibited under
16 section 12A.3 subsequent to June 30, 1985. The sale
17 of securities and investments held by the treasurer of
18 state, the state board of regents, and the department
19 of job service on the effective date of this Act that
20 are prohibited under section 12A.3 shall be completed
21 by July 1, 1990, unless prior thereto the general
22 assembly determines that substantial and fundamental
23 progress in establishing human rights policies in the
24 Republic of South Africa has occurred. Subject to any
25 such action of the general assembly not less than one
26 fifth of the value of the investments held on July 1,
27 1985 shall be sold in the year beginning July 1,
28 1988."

29 9. Page 4, by striking lines 4 through 9.

30 10. Page 4, by striking lines 11 through 20 and
31 inserting the following:

32 "1. The treasurer of state shall maintain a list
33 of companies that do business in or with the Republic
34 of South Africa. The list shall be developed with
35 reference to information obtained from the United
36 States department of commerce and Arthur D. Little,
37 Inc. and other authoritative sources. The treasurer
38 shall mail written notification to each company on the
39 divestiture list."

BY LLOYD-JONES of Johnson
BLANSHAN of Greene
SIEGRIST of Pottawattamie

H-3908 FILED APRIL 18, 1985

(Adopted as amended by 4067 4/26 (p. 1712))

SENATE FILE 110

H-4075

1 Amend amendment H-3908 to Senate File 110 as
2 amended, passed and reprinted by the Senate as
3 follows:

4 1. Page 2, line 28, by inserting after the figure
5 "1988." the following: "The proceeds of the sales
6 shall be allocated to the farm operating assistance
7 program of the Iowa family farm development authority.
8 The treasurer of state, the state board of regents,
9 and the department of job service shall receive the
10 interest and principal repaid on farm operating loans
11 made by the authority under the farm operating
12 assistance program. For the purposes of this section,
13 proceeds of the sales includes the employer's
14 contribution plus accumulated interest on the
15 employer's contribution."

16 2. Page 2, by inserting after line 39 the
17 following:

18 "Sec. ____ . NEW SECTION. 175.35 DEFINITION.
19 As used in sections 175.35 through 175.40, unless
20 the context otherwise requires, "farm operating loan"
21 means a loan made after the effective date of this Act
22 by the authority to a borrower in an amount sufficient
23 to enable the borrower to pay the costs of
24 insecticide, herbicide, seed, fertilizer, crop
25 insurance, livestock feed, and fuel needed for
26 agricultural production in one crop year.

27 Sec. ____ . NEW SECTION. 175.36 ESTABLISHMENT OF
28 PLAN.

29 The authority shall establish, develop, and
30 administer an agricultural assistance plan which
31 includes programs which provide assistance for
32 agricultural production and other programs the
33 authority deems necessary and consistent with
34 assisting the agricultural economy of the state.

35 Sec. ____ . NEW SECTION. 175.37 ADVISORY PANEL.

36 The state comptroller or the comptroller's
37 designee, the treasurer of state or the treasurer's
38 designee, the secretary of agriculture or the
39 secretary's designee, and the superintendent of
40 banking or the superintendent's designee are
41 constituted as an advisory panel to the authority.
42 The panel shall provide advice and assistance to the
43 authority, but shall not vote in board decisions.
44 Members of the panel shall be reimbursed for all
45 actual and necessary expenses incurred in the
46 performance of their duties as panel members.

47 Sec. ____ . NEW SECTION. 175.38 ANNUAL REPORT --
48 ADDITIONAL CONTENTS.

49 1. Prior to submitting its report pursuant to
50 section 175.8 to the general assembly, the authority

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1 shall meet in January in joint session with the senate
2 and house standing committees on ways and means and
3 the senate and house standing committees on
4 agriculture so that they can determine if the
5 authority has accomplished its mission of aiding
6 farmers to stay in business who otherwise would not
7 have done so.

8 2. The annual report shall identify performance
9 goals of the programs of the agricultural assistance
10 plan, set forth an analysis of farm operating loan
11 needs in the state, and clearly indicate the extent of
12 progress made in attaining the goals during the
13 reporting period. Where possible, results shall be
14 expressed in terms of number of farm units assisted.
15 The report shall state the median, mean, range, and
16 total of the size of farm units assisted in number of
17 acres, the dollar amount of the individual grants, the
18 debt-to-asset ratio of borrowers assisted, and the
19 interest rates on farm operating loans made by the
20 authority.

21 Sec. . NEW SECTION. 175.39 FARM OPERATING
22 ASSISTANCE PROGRAM.

23 1. The authority shall establish and develop a
24 farm operating assistance program to provide
25 affordable operating capital to as many farmers as
26 possible by providing farm operating loans to
27 qualified borrowers.

28 2. In the farm operating assistance program, the
29 authority shall provide that the farm operating loan
30 will be made to a borrower only if the following
31 criteria are satisfied as evidenced on a borrower
32 eligibility application provided by the authority:

33 a. The borrower is a resident of the state.

34 b. The farm operation for which the borrower seeks
35 the farm operating assistance is located in the state.

36 c. The borrower has made full disclosure of the
37 borrower's farm finances.

38 d. If the borrower obtains a farm operating loan
39 for grain or row crop production, the grain or row
40 crop production shall be conducted only on
41 agricultural land which has been used for grain or row
42 crop production for at least one of the past four
43 years. A borrower violating this paragraph shall be
44 ineligible for assistance under this chapter for the
45 following fiscal year.

46 e. The debts of the borrower divided by the assets
47 of the borrower yield a debt-to-asset ratio which is
48 fifty percent or greater.

49 f. Requirements prescribed by the authority by
50 rule, which may include but are not limited to

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1 participation in federal crop insurance programs,
2 where available, a consideration of the borrower's
3 agreement to maintain farm management techniques and
4 standards established by the authority, participation
5 in federal farm programs, where applicable, and the
6 maximized use of available loan guarantees including
7 small business administration programs, where
8 applicable.

9 3. The authority may make secured loans, including
10 but not limited to secured loans insured, guaranteed,
11 or otherwise secured by the federal government on a
12 federal governmental agency or instrumentality, a
13 state agency or private insurers, to qualified
14 borrowers to provide financing for farm operations.
15 Secured loans shall contain terms and provisions and
16 be in a form established by rules of the authority,
17 including a rate of interest set by the authority at a
18 rate one percentage point above the dividend yield on
19 investments sold pursuant to section 12A.4, but not to
20 exceed the maximum lawful rate of interest as
21 determined by the superintendent of banking pursuant
22 to section 535.2, subsection 3, for the calendar month
23 in which the application was approved by the
24 authority. The rate set by the authority may also
25 include a percentage charge not to exceed one half
26 percent for administrative and reserve expenses. The
27 maximum lawful rate of interest shall include any and
28 all costs associated with the transaction. The
29 authority may adjust the rate if necessary to
30 accommodate regional financial conditions.

31 4. The authority shall have a secured interest in
32 the crops and other personal property of a borrower
33 who receives a farm operating loan financed by the
34 authority which is superior to a landlord's lien
35 created pursuant to chapter 570.

36 Sec. ____ . NEW SECTION. 175.40 CONFLICTS OF
37 INTEREST -- ASSISTANCE PROGRAM.

38 1. If a member or employee other than the
39 executive director of the authority has an interest,
40 either direct or indirect, in a contract to which the
41 authority is or is to be a party the interest shall be
42 disclosed to the authority in writing and shall be set
43 forth in the minutes of the authority. The member or
44 employee having the interest shall not participate in
45 action by the authority with respect to that contract.

46 2. This section does not limit the right of a
47 member, officer or employee of the authority other
48 than the executive director to have an interest in a
49 bank or other financial institution in which the funds
50 of the authority are deposited.

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1 3. The executive director shall not have an
2 interest in a bank or other financial institution in
3 which the funds of the authority are deposited. The
4 executive director shall not receive, in addition to
5 fixed salary or compensation, money or anything
6 valuable, either directly or indirectly, or through a
7 substantial interest in another corporation or
8 business unit, for negotiating, procuring,
9 recommending or aiding in a loan made by the authority
10 under section 175.39. The executive director shall
11 not be pecuniarily interested, either as principal,
12 coprincipal, agent or beneficiary, either directly or
13 indirectly or through any substantial interest in
14 another corporation or business unit, in a loan made
15 by the authority under section 175.39.

16 Sec. _____. Section 175.23, Code 1985, is amended by
17 adding the following new unnumbered paragraph:

18 NEW UNNUMBERED PARAGRAPH. The obligations of the
19 authority are not obligations of this state or any
20 political subdivision of this state other than the
21 authority within the meaning of any constitutional or
22 statutory debt limitations, but are obligations of the
23 authority payable solely and only from the authority's
24 funds, and the authority shall not pledge the credit
25 or taxing power of this state or any political
26 subdivision of this state other than the authority or
27 make its debts payable out of any moneys except for
28 those of the authority.

29 Sec. _____. The Iowa family farm development
30 authority shall adopt rules pursuant to chapter 17A
31 for the implementation of sections 175.35 through
32 175.40 as enacted in this Act on or by January 1,
33 1986."

34 3. Title page, line 9, by inserting after the
35 word "investments," the following: "establishing a
36 program funded by investment of the divested funds,".

H-4075 FILED APRIL 25, 1985 BY STROMER of Hancock

4/25 4/26 (p. 1915)

SENATE FILE 110

H-4082

1 Amend amendment H-3908 to Senate File 110 as
2 amended, passed and reprinted by the Senate as
3 follows:

4 1. Page 2, line 28, by inserting after the figure
5 "1988." the following: "The proceeds of the sales
6 shall be allocated to the public employee assistance
7 program of the Iowa housing finance authority. The
8 treasurer of state, the state board of regents, and
9 the department of job service shall receive the
10 interest and principal repaid on residential mortgage
11 loans made by the authority under the public employee
12 assistance program. For the purposes of this section,
13 proceeds of the sales includes the employer's
14 contribution plus accumulated interest on the
15 employer's contribution."

16 2. Page 2, by inserting after line 39 the
17 following:

18 "Sec. ____ . Section 220.32, Code 1985, is amended
19 by adding the following new unnumbered paragraph:
20 NEW UNNUMBERED PARAGRAPH. The obligations of the
21 authority are not obligations of this state or any
22 political subdivision of this state other than the
23 authority within the meaning of any constitutional or
24 statutory debt limitations, but are obligations of the
25 authority payable solely and only from the authority's
26 funds, and the authority shall not pledge the credit
27 or taxing power of this state or any political
28 subdivision of this state other than the authority or
29 make its debts payable out of any moneys except for
30 those of the authority.

31 Sec. ____ . NEW SECTION. 220.85 DEFINITIONS.
32 As used in sections 220.85 through 220.89, unless
33 the context otherwise requires, "public employee
34 residential mortgage loan" means a loan made after the
35 effective date of this Act by the authority to a
36 borrower eligible pursuant to section 220.88.
37 "Public employee" means public employee as defined
38 in section 20.3, subsection 3.

39 Sec. ____ . NEW SECTION. 220.86 ADVISORY PANEL.
40 The state comptroller or the comptroller's
41 designee, the treasurer of state or the treasurer's
42 designee, and the superintendent of banking or the
43 superintendent's designee are constituted as an
44 advisory panel to the authority. The panel shall
45 provide advice and assistance to the authority, but
46 shall not vote in board decisions. Members of the
47 panel shall be reimbursed for all actual and necessary
48 expenses incurred in the performance of their duties
49 as panel members.

50 Sec. ____ . NEW SECTION. 220.87 ANNUAL REPORT --

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1 ADDITIONAL COMMENTS.

2 Prior to submitting its report pursuant to section
3 220.7 to the general assembly, the authority shall
4 meet in January in joint session with the senate and
5 house standing committees on ways and means so that
6 they can determine if the authority has accomplished
7 its mission of aiding farmers to stay in business who
8 otherwise would not have done so.

9 Sec. , NEW SECTION. 220.88 PUBLIC EMPLOYEE
10 ASSISTANCE PROGRAM.

11 1. The authority shall establish and develop a
12 public employee assistance program to provide
13 affordable residential mortgage loans to as many
14 public employees as possible.

15 2. In the public employee assistance program, the
16 authority shall provide that the residential mortgage
17 loan will be made to a borrower only if the following
18 criteria are satisfied as evidenced on a borrower
19 eligibility application provided by the authority:

20 a. The borrower is a resident of the state and a
21 public employee.

22 b. The property for which the borrower seeks the
23 residential mortgage loan is located in the state.

24 c. The borrower has made full disclosure of the
25 borrower's finances.

26 d. Requirements prescribed by the authority by
27 rule, which may include but are not limited to
28 participation in a home insurance program.

29 3. The authority may make secured loans, including
30 but not limited to secured loans insured, guaranteed,
31 or otherwise secured by the federal government on a
32 federal governmental agency or instrumentality, a
33 state agency or private insurers, to qualified
34 borrowers to provide financing for residential
35 mortgage loans. Secured loans shall contain terms and
36 provisions and be in a form established by rules of
37 the authority, including a rate of interest set by the
38 authority at a rate two percentage points below the
39 maximum lawful rate of interest as determined by the
40 superintendent of banking pursuant to section 535.2,
41 subsection 3, for the calendar month in which the
42 application was approved by the authority. The rate
43 set by the authority may also include a percentage
44 charge not to exceed one half percent for
45 administrative and reserve expenses. The maximum
46 lawful rate of interest shall include any and all
47 costs associated with the transaction. The authority
48 may adjust the rate if necessary to accommodate
49 regional financial conditions.

50 4. The authority shall have a secured interest in

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1 the home and other personal property of a borrower who
2 receives a residential mortgage loan financed by the
3 authority which is superior to a landlord's lien
4 created pursuant to chapter 570.

5 Sec. ____ . NEW SECTION. 220.89 CONFLICTS OF
6 INTEREST -- ASSISTANCE PROGRAM.

7 1. If a member or employee other than the
8 executive director of the authority has an interest,
9 either direct or indirect, in a contract to which the
10 authority is or is to be a party the interest shall be
11 disclosed to the authority in writing and shall be set
12 forth in the minutes of the authority. The member or
13 employee having the interest shall not participate in
14 action by the authority with respect to that contract.

15 2. This section does not limit the right of a
16 member, officer or employee of the authority other
17 than the executive director to have an interest in a
18 bank or other financial institution in which the funds
19 of the authority are deposited.

20 3. The executive director shall not have an
21 interest in a bank or other financial institution in
22 which the funds of the authority are deposited. The
23 executive director shall not receive, in addition to
24 fixed salary or compensation, money or anything
25 valuable, either directly or indirectly, or through a
26 substantial interest in another corporation or
27 business unit, for negotiating, procuring,
28 recommending or aiding in a loan made by the authority
29 under section 220.88. The executive director shall
30 not be pecuniarily interested, either as principal,
31 coprincipal, agent or beneficiary, either directly or
32 indirectly or through any substantial interest in
33 another corporation or business unit, in a loan made
34 by the authority under section 220.88.

35 Sec. ____ . The Iowa housing finance authority shall
36 adopt rules pursuant to chapter 17A for the
37 implementation of sections 220.85 through 220.89 as
38 enacted in this Act on or by January 1, 1986."

39 3. Title page, line 9, by inserting after the
40 word "investments," the following: "establishing a
41 program funded by investment of the divested funds,".

H-4082 FILED APRIL 26, 1985 BY McINTEE of Black Hawk
WITHDRAWN (p 19/4)

SENATE FILE 110

H-3911

1 Amend amendment H-3908 to Senate File 110 as
2 amended, passed and reprinted by the Senate as
3 follows:

4 1. Page 1, line 17, by adding after the word
5 "and" the words ", during three of the preceding
6 five years".

H-3911 FILED APRIL 19, 1985 BY STROMER of Hancock

W/25 4/26 (p. 1914)

SENATE FILE 110

H-3912

1 Amend Senate File 110 as amended, passed and
2 reprinted by the Senate as follows:

3 1. Page 3, line 7, by adding after the word
4 "and" the words ", during three of the preceding
5 five years".

H-3912 FILED APRIL 19, 1985 BY STROMER of Hancock

W/25 4/26 (p. 1914)

SENATE FILE 110

H-3927

1 Amend H-3908 to Senate File 110 as amended, passed,
2 and reprinted by the Senate as follows:

3 1. Page 1, by striking lines 15 through 20 and
4 inserting the following: "the Republic of South
5 Africa."

H-3927 FILED APRIL 19, 1985 BY TEAFORD of Black Hawk

Loat 4/26 (p. 1915)

SENATE FILE 110

H-4067

1 Amend amendment H-3908 to Senate File 110 as
2 amended, passed and reprinted by the Senate as
3 follows:

4 1. Page 1, line 20, by inserting after the word
5 "system.", the following: "This definition also
6 shall not mean any company that has been a signatory
7 of the Sullivan principles for at least five years
8 and has obtained a performance rating in the top two
9 categories during four of the past five years."

H-4067 FILED APRIL 25, 1985 BY STROMER of Hancock

(Adopted 4/26/85 (p. 1915))

S-4083

HOUSE AMENDMENT TO
SENATE FILE 110

1 Amend Senate File 110 as amended, passed, and
2 reprinted by the Senate as follows:

3 1. Page 1, by striking lines 15 and 16 and
4 inserting the following: "state-chartered bank,
5 savings and loan, thrift institution, any other
6 institution, or affiliate of the foregoing permitted
7 by state or federal law to".

8 2. Page 1, by inserting after line 19 the
9 following:

10 " . "Affiliate" means any entity controlling,
11 controlled by or under common control with a financial
12 institution."

13 3. Page 2, by striking line 2 and inserting the
14 following: "warehousing or other operations within
15 the Republic of South Africa, except that it shall not
16 mean any company which has adopted the Sullivan
17 principles and has obtained a performance rating in
18 the top two categories of the Sullivan principles
19 rating system prepared by Arthur D. Little, Inc., or
20 is in categories four or five of the rating system.
21 This definition also shall not mean any company that
22 has been a signatory of the Sullivan principles for at
23 least five years and has obtained a performance rating
24 in the top two categories during four of the past five
25 years."

26 4. Page 2, by striking lines 4 through 6 and
27 inserting the following: "means directly or
28 indirectly supplying strategic products or services
29 for use by the government of South Africa or for use
30 by the military or police in South Africa. This
31 includes, but is not limited to, transactions carried
32 out through intermediary corporations."

33 5. Page 2, by striking lines 14 through 32 and
34 inserting the following:

35 "1. The treasurer of state shall not invest or
36 deposit funds belonging to the state of Iowa in a
37 financial institution which has made a loan, after the
38 effective date of this Act, to the Republic of South
39 Africa, or in the stocks, securities, or other
40 obligations of such a financial institution or of any
41 company doing business in or with the Republic of
42 South Africa.

43 2. The state board of regents shall not invest or
44 deposit funds belonging to the institutions under the
45 control of the state board of regents in a financial
46 institution which has made a loan, after the effective
47 date of this Act, to the Republic of South Africa, or
48 in the stocks, securities, or other obligations of
49 such a financial institution or of any company doing
50 business in or with the Republic of South Africa.

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1 3. The Iowa department of job service shall not
2 invest or deposit funds from the Iowa public
3 employment retirement fund in a financial institution
4 which has made a loan, after the effective date of
5 this Act, to the Republic of South Africa, or in the
6 stocks, securities or other obligations of such a
7 financial institution or of any company doing business
8 in or with the Republic of South Africa."

9 6. Page 2, line 33, by striking the word "either"
10 and inserting the following: "any".

11 7. Page 3, by inserting after line 4 the
12 following:

13 "c. The deposit of funds with a paying agent for
14 bonds of the state board of regents issued prior to
15 January 1, 1985."

16 8. Page 3, by striking lines 14 through 23 and
17 inserting the following:

18 "1. The treasurer of state, the state board of
19 regents, and the department of job service shall make
20 no additional investments of the type prohibited under
21 section 12A.3 subsequent to June 30, 1985. The sale
22 of securities and investments held by the treasurer of
23 state, the state board of regents, and the department
24 of job service on the effective date of this Act that
25 are prohibited under section 12A.3 shall be completed
26 by July 1, 1990, unless prior thereto the general
27 assembly determines that substantial and fundamental
28 progress in establishing human rights policies in the
29 Republic of South Africa has occurred. Subject to any
30 such action of the general assembly not less than one
31 fifth of the value of the investments held on July 1,
32 1985 shall be sold in the year beginning July 1,
33 1988."

34 9. Page 4, by striking lines 4 through 9.

35 10. Page 4, by striking lines 11 through 20 and
36 inserting the following:

37 "1. The treasurer of state shall maintain a list
38 of companies that do business in or with the Republic
39 of South Africa. The list shall be developed with
40 reference to information obtained from the United
41 States department of commerce and Arthur D. Little,
42 Inc. and other authoritative sources. The treasurer
43 shall mail written notification to each company on the
44 divestiture list."

SENATE FILE 110

AN ACT

PROHIBITING THE TREASURER OF STATE FROM PURCHASING A SECURITY ISSUED BY OR DEPOSITING MONEY IN A FINANCIAL INSTITUTION PARTICIPATING IN LOANS TO THE REPUBLIC OF SOUTH AFRICA, PROHIBITING FUNDS OF THE IOWA PUBLIC EMPLOYEES' RETIREMENT SYSTEM OR INSTITUTIONS CONTROLLED BY THE STATE BOARD OF REGENTS FROM BEING INVESTED OR DEPOSITED IN FINANCIAL INSTITUTIONS OR COMPANIES WHICH INVEST IN OR DO BUSINESS WITH OR IN THE REPUBLIC OF SOUTH AFRICA, PROVIDING FOR DIVESTITURE OF THE INVESTMENTS, AND PROVIDING FOR CIVIL PENALTIES.

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

Section 1. NEW SECTION. 12A.1 LEGISLATIVE FINDING.

The legislature finds that the present government of the Republic of South Africa, through its legally sanctioned policies of racial discrimination, is violative of both the substance and the intent of Iowa laws protecting individuals from unjust discrimination. Therefore, the legislature intends that state funds and funds administered by the state shall not be invested or deposited in financial institutions or companies making loans to or doing business with or in the Republic of South Africa.

Sec. 2. NEW SECTION. 12A.2 DEFINITIONS.

As used in this chapter, unless the context otherwise requires:

1. "Financial institution" means a federal-chartered or state-chartered bank, savings and loan, thrift institution, any other institution, or affiliate of the foregoing permitted by state or federal law to receive deposits of money and to pay out that money through loans, draft accounts, or the sale of financial institution securities.

2. "Affiliate" means any entity controlling, controlled by or under common control with a financial institution.

3. "Financial institution security" means a stock or bond issued by a financial institution, or a certificate of deposit, bankers acceptance, or other negotiable security issued by a financial institution.

4. "Republic of South Africa" includes the government, an agency, or an instrumentality of the Republic of South Africa, and any territory under the administration, legal or illegal, of the Republic of South Africa including the "bantustans" or "homelands" to which South African blacks are assigned on the basis of ethnic origin such as the Transkei, Bophuthatswana, Venda, Ciskei, and Kwazulu.

5. "Value" consists of cash, the par value or unpaid balance of all unmatured or unpaid investments requiring the payment of a fixed amount at payment date, and the cost price of all other investments.

6. "Doing business in the Republic of South Africa" means conducting or performing manufacturing, assembly or warehousing or other operations within the Republic of South Africa, except that it shall not mean any company which has adopted the Sullivan principles and has obtained a performance rating in the top two categories of the Sullivan principles rating system prepared by Arthur D. Little, Inc., or is in categories four or five of the rating system. This definition also shall not mean any company that has been a signatory of the Sullivan principles for at least five years and has obtained a performance rating in the top two categories during four of the past five years.

7. "Doing business with the Republic of South Africa" means directly or indirectly supplying strategic products or services for use by the government of South Africa or for use by the military or police in South Africa. This includes, but is not limited to, transactions carried out through intermediary corporations.

3. "Strategic products or services" means articles designated as arms, ammunition and implements of war in 22 C.F.R. § 121, and data processing equipment and computers sold for military or police use or for use in connection with the pass system as practiced in the Republic of South Africa.

Sec. 3. NEW SECTION. 12A.3 PROHIBITED INVESTMENTS AND DEPOSITS.

1. The treasurer of state shall not invest or deposit funds belonging to the state of Iowa in a financial institution which has made a loan, after the effective date of this Act, to the Republic of South Africa, or in the stocks, securities, or other obligations of such a financial institution or of any company doing business in or with the Republic of South Africa.

2. The state board of regents shall not invest or deposit funds belonging to the institutions under the control of the state board of regents in a financial institution which has made a loan, after the effective date of this Act, to the Republic of South Africa, or in the stocks, securities, or other obligations of such a financial institution or of any company doing business in or with the Republic of South Africa.

3. The Iowa department of job service shall not invest or deposit funds from the Iowa public employment retirement fund in a financial institution which has made a loan, after the effective date of this Act, to the Republic of South Africa, or in the stocks, securities or other obligations of such a financial institution or of any company doing business in or with the Republic of South Africa.

4. This section does not prohibit any of the following:

a. The purchase of securities issued by the United States government or agreements to purchase or repurchase such securities or securities issued by firms not otherwise prohibited from purchase under this chapter.

b. Custodial agreements or accounts used for purchases and sales of securities otherwise acceptable under this chapter.

c. The deposit of funds with a paying agent for bonds of the state board of regents issued prior to January 1, 1985.

5. This section shall not apply to companies doing business in the Republic of South Africa who have adopted the Sullivan principles and have obtained a performance rating in the top two categories of the Sullivan principles rating system prepared by Arthur D. Little, Inc., or are in categories four or five of the rating system.

The treasurer of state shall maintain a list of such companies in accordance with the provisions of section 12A.6.

Sec. 4. NEW SECTION. 12A.4 DIVESTITURE.

1. The treasurer of state, the state board of regents, and the department of job service shall make no additional investments of the type prohibited under section 12A.3 subsequent to June 30, 1985. The sale of securities and investments held by the treasurer of state, the state board of regents, and the department of job service on the effective date of this Act that are prohibited under section 12A.3 shall be completed by July 1, 1990, unless prior thereto the general assembly determines that substantial and fundamental progress in establishing human rights policies in the Republic of South Africa has occurred. Subject to any such action of the general assembly not less than one fifth of the value of the investments held on July 1, 1985 shall be sold in the year beginning July 1, 1988.

2. As long as funds remain in investments that would be prohibited under section 12A.3, the treasurer, the board of regents, and the department of job service shall:

a. File with the general assembly, not later than January 20 of each year, a report listing all South Africa-related investments administered by the treasurer, the board of regents, or the department of job service and their value as of the preceding December 31.

b. Exercise its right to vote stock in any election in order to require the company doing business in or with the Republic of South Africa to divest itself of investments in the Republic of South Africa and to cease doing business in or with the Republic of South Africa or to prevent the company from entering into any investment or business in or with the Republic of South Africa.

Sec. 5. NEW SECTION. 12A.6 ELIGIBILITY.

1. The treasurer of state shall maintain a list of companies that do business in or with the Republic of South Africa. The list shall be developed with reference to information obtained from the United States department of commerce and Arthur O. Little, Inc. and other authoritative sources. The treasurer shall mail written notification to each company on the divestiture list.

2. A financial institution or other company ineligible to receive investments or deposits may establish eligibility if documentary evidence is submitted to the treasurer of state. The evidence must be sufficient to establish that the financial institution or company has adopted a written policy that prohibits the lending of its assets to or doing business with the Republic of South Africa. As used in this section, "documentary evidence" includes, but is not limited to, an executed affidavit by an appropriate officer of the financial institution or company, in a form prepared by the treasurer of state, attesting to the fact that the financial institution or company prohibits the lending of its assets or doing business with the Republic of South Africa. The treasurer of state shall attempt to verify compliance by checking sources of information not affiliated with the financial institution.

3. The treasurer of state, the board of regents, and the Department of job service shall adopt rules under chapter 17A to implement this Act including rules to assess civil penalties against a person who files false or misleading documentary evidence. Penalties shall be deposited in the

state general fund. The civil penalties shall not exceed five thousand dollars for each violation. All civil penalties collected shall be deposited in the state general fund.

Sec. 6. Section 12.8, unnumbered paragraph 1, Code 1985, is amended to read as follows:

The treasurer of state shall invest or deposit, subject to chapter 12A and as provided by law, any of the public funds not currently needed for operating expenses and shall do so upon receipt of monthly notice from the state comptroller of such the amount not so needed. In the event of loss on redemption or sale of securities, ~~where~~ invested as prescribed by law, and ~~any such~~ if the transaction is reported to the executive council, neither the treasurer nor comptroller ~~shall~~ be personally liable but such the loss shall be charged against such the funds as which would have received the profits or interest of the investment and there is hereby appropriated from such the funds an the amount as ~~may be~~ so required.

Sec. 7. Section 97B.7, subsection 2, paragraph b, unnumbered paragraph 1, Code 1985, is amended to read as follows:

Invest, subject to chapter 12A, such the portion of said the trust funds as which in the judgment of the department are is not needed for current payment of benefits under this chapter in interest-bearing securities issued by the United States, or interest-bearing bonds issued by the state of Iowa, or bonds issued by counties, or school districts, or general obligations or limited levy bonds issued by municipal corporations in this state as authorized by law, or other investments authorized for life insurance companies in this state including common stocks issued or guaranteed by a corporation created or existing under the laws of the United States or any state, district, or territory thereof of the United States subject to the following restrictions:

Sec. 8. Section 262.14, unnumbered paragraph 1, Code 1985, is amended to read as follows:

The board may invest funds belonging to ~~said~~ the institutions, subject to chapter 12A and the following regulations:

ROBERT T. ANDERSON
President of the Senate

DONALD D. AVENSON
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 110, Seventy-first General Assembly.

K. MARIE THAYER
Secretary of the Senate

Approved May 30, 1985

TERRY E. BRANSTAD
Governor