

*agriculture*

FILED JAN 21 1998

REPRINTED

SENATE FILE 2052

BY COMMITTEE ON AGRICULTURE

*Form 2017*

(SUCCESSOR TO SSB 2002)

(p.156)  
Passed Senate, Date 1-29-98

(p.1135)  
Passed House, Date 4/1/98

Vote: Ayes 45 Nays 2

Vote: Ayes 99 Nays 0

Approved May 6, 1998

A BILL FOR

1 An Act relating to the state ceiling on the issuance of private  
2 activity bonds to administer programs by governmental  
3 entities, including the Iowa agricultural development  
4 authority, and political subdivisions.

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

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S.F. 2052

1 Section 1. Section 7C.4A, subsections 4, 5, and 6, Code  
2 1997, are amended to read as follows:

3 4. Sixteen ~~Sixteen~~ Twenty percent of the state ceiling shall be  
4 allocated to qualified small issue bonds issued for first-time  
5 farmers. However, at any time during the calendar year the  
6 governor's designee, with the approval of the Iowa  
7 agricultural development authority, may determine that a  
8 lesser amount need be allocated to qualified small issue bonds  
9 for first-time farmers and on that date this lesser amount  
10 shall be the amount allocated for those bonds and the excess  
11 shall be allocated under subsection 6.

12 ~~5.--During-the-period-of-January-1-through-October-25,-five~~  
13 ~~percent-of-the-state-ceiling-shall-be-reserved-for-private~~  
14 ~~activity-bonds-issued-by-political-subdivisions,-the-proceeds~~  
15 ~~of-which-are-used-by-the-issuing-political-subdivisions.~~

16 6. a. The amount of the state ceiling not allocated under  
17 subsections 1 through 4, ~~and-after-October-25,-the-amount-of~~  
18 ~~the-state-ceiling-reserved-under-subsection-5-and-not~~  
19 ~~allocated,~~ shall be allocated to all bonds requiring an  
20 allocation under section 146 of the Internal Revenue Code  
21 without priority for any type of bond over another, except as  
22 otherwise provided in sections 7C.5 and 7C.11.

23 b. The population of the state shall be determined in  
24 accordance with the Internal Revenue Code.

25 Sec. 2. Section 7C.5, Code 1997, is amended to read as  
26 follows:

27 7C.5 FORMULA FOR ALLOCATION.

28 Except as provided in section 7C.4A, subsections 1 through  
29 4, the state ceiling shall be allocated among all political  
30 subdivisions on a statewide basis on the basis of the  
31 chronological orders of receipt by the governor's designee of  
32 the applications described in section 7C.6 with respect to a  
33 definitive issue of bonds, as determined by the day, hour, and  
34 minute time-stamped on the application immediately upon  
35 receipt by the governor's designee. ~~However,-for-the-period~~

1 January 1 through October 25 of each year, allocations to  
2 bonds for which an amount of the state ceiling has been  
3 reserved pursuant to section 7C.4A, subsection 5, shall be  
4 made to the political subdivisions submitting the applications  
5 first from the reserved amount until the reserved amount has  
6 been fully allocated and then from the amount specified in  
7 section 7C.4A, subsection 6.

8 EXPLANATION

9 Iowa Code section 7C.4A allocates a ceiling among the  
10 various governmental units which are authorized to issue  
11 private activity bonds under the laws of this state. The  
12 section allocates a percentage of the state ceiling for a  
13 number of public purposes, including housing, job training,  
14 and education. Sixteen percent of the state ceiling is  
15 allocated to qualified small issue bonds issued for first-time  
16 farmers, under programs administered by the agricultural  
17 development authority. This bill increases the allocation to  
18 20 percent of the state ceiling. The bill eliminates a  
19 provision allocating five percent of the state ceiling for the  
20 issuance of private activity bonds by political subdivisions  
21 authorized to issue such bonds.

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## SENATE FILE 2052

S-5011

1 Amend Senate File 2052 as follows:

2 1. Page 1, line 3, by striking the word "Twenty"  
3 and inserting the following: "Twenty-one".

4 2. Page 2, by inserting after line 7 the  
5 following:

6 "Sec. \_\_\_\_\_. EXECUTIVE DIRECTOR -- CONGRESSIONAL

7 PERSUASION. The executive director of the  
8 agricultural development authority as established  
9 pursuant to chapter 175 shall use every effort  
10 practical to persuade members of the Congress of the  
11 United States regarding the following:

12 1. The need to change provisions in federal law,  
13 including the federal Internal Revenue Code, 26 U.S.C.  
14 § 141 et seq., in order to allow a person to qualify  
15 for assistance under the beginning farmer loan program  
16 pursuant to section 175.12, to finance the acquisition  
17 of agricultural land, improvements, and depreciable  
18 property from a family member, if the purchase price  
19 paid for the land, improvements, or depreciable  
20 property is not less than seventy-five percent of its  
21 appraised value.

22 2. The need to increase the state of Iowa's  
23 ceiling to the issuers of private activity bonds  
24 within the state in order to maximize the economic  
25 benefit to the citizens of the state from the issuance  
26 of private activity bonds pursuant to the federal  
27 Internal Revenue Code, 26 U.S.C. § 146.

28 Sec. \_\_\_\_\_. COOPERATION BETWEEN THE AGRICULTURAL  
29 DEVELOPMENT AUTHORITY AND THE IOWA FINANCE AUTHORITY.  
30 To the extent authorized by the Iowa finance  
31 authority, the agricultural development authority may  
32 use any percentage of the state ceiling allocated to  
33 the Iowa finance authority pursuant to section 7C.4A  
34 for purposes of supporting the agricultural  
35 development authority in financing the beginning  
36 farmer loan program pursuant to section 175.12 through  
37 the issuance of qualified small issue bonds. The Iowa  
38 finance authority and the agricultural development  
39 authority shall cooperate to every extent practical in  
40 order to carry out this section without impeding the  
41 purposes of the Iowa finance authority.

42 Sec. \_\_\_\_\_. ADDITIONAL POSITION AUTHORIZED. In  
43 addition to any full-time equivalent positions  
44 otherwise authorized by the general assembly for the  
45 fiscal year beginning July 1, 1998, and ending June  
46 30, 1999, the agricultural development authority, as  
47 established in section 175.3, is authorized, one full-  
48 time equivalent position for the fiscal year."

49 2. Title page, by striking line 1, and inserting  
50 the following: "An Act relating to programs involving

S-5011

S-5011

Page 2

1 government finance, by providing for the issuance of  
2 private".

3 3. Title page, line 4, by striking the words  
4 "authority, and political subdivisions." and inserting  
5 the following: "authority and political subdivisions,  
6 and providing program assistance to beginning  
7 farmers."

By MERLIN E. BARTZ  
PATTY JUDGE  
WILMER RENSINK

S-5011 FILED JANUARY 29, 1998

ADOPTED 1-29-98 (P. 156)



1 Section 1. Section 7C.4A, subsections 4, 5, and 6, Code  
2 1997, are amended to read as follows:

3 4. ~~Sixteen~~ Twenty-one percent of the state ceiling shall  
4 be allocated to qualified small issue bonds issued for first-  
5 time farmers. However, at any time during the calendar year  
6 the governor's designee, with the approval of the Iowa  
7 agricultural development authority, may determine that a  
8 lesser amount need be allocated to qualified small issue bonds  
9 for first-time farmers and on that date this lesser amount  
10 shall be the amount allocated for those bonds and the excess  
11 shall be allocated under subsection 6.

12 ~~5--During-the-period-of-January-1-through-October-25,-five~~  
13 ~~percent-of-the-state-ceiling-shall-be-reserved-for-private~~  
14 ~~activity-bonds-issued-by-political-subdivisions,-the-proceeds~~  
15 ~~of-which-are-used-by-the-issuing-political-subdivisions-~~

16 6. a. The amount of the state ceiling not allocated under  
17 subsections 1 through 4, ~~and-after-October-25,-the-amount-of~~  
18 ~~the-state-ceiling-reserved-under-subsection-5-and-not~~  
19 ~~allocated,~~ shall be allocated to all bonds requiring an  
20 allocation under section 146 of the Internal Revenue Code  
21 without priority for any type of bond over another, except as  
22 otherwise provided in sections 7C.5 and 7C.11.

23 b. The population of the state shall be determined in  
24 accordance with the Internal Revenue Code.

25 Sec. 2. Section 7C.5, Code 1997, is amended to read as  
26 follows:

27 7C.5 FORMULA FOR ALLOCATION.

28 Except as provided in section 7C.4A, subsections 1 through  
29 4, the state ceiling shall be allocated among all political  
30 subdivisions on a statewide basis on the basis of the  
31 chronological orders of receipt by the governor's designee of  
32 the applications described in section 7C.6 with respect to a  
33 definitive issue of bonds, as determined by the day, hour, and  
34 minute time-stamped on the application immediately upon  
35 receipt by the governor's designee. ~~However,-for-the-period~~

1 January 1 through October 25 of each year, allocations to  
2 bonds for which an amount of the state ceiling has been  
3 reserved pursuant to section 7C.4A, subsection 5, shall be  
4 made to the political subdivisions submitting the applications  
5 first from the reserved amount until the reserved amount has  
6 been fully allocated and then from the amount specified in  
7 section 7C.4A, subsection 6.

8 Sec. 3. EXECUTIVE DIRECTOR -- CONGRESSIONAL PERSUASION.

9 The executive director of the agricultural development  
10 authority as established pursuant to chapter 175 shall use  
11 every effort practical to persuade members of the Congress of  
12 the United States regarding the following:

13 1. The need to change provisions in federal law, including  
14 the federal Internal Revenue Code, 26 U.S.C. § 141 et seq.,  
15 in order to allow a person to qualify for assistance under the  
16 beginning farmer loan program pursuant to section 175.12, to  
17 finance the acquisition of agricultural land, improvements,  
18 and depreciable property from a family member, if the purchase  
19 price paid for the land, improvements, or depreciable property  
20 is not less than seventy-five percent of its appraised value.

21 2. The need to increase the state of Iowa's ceiling to the  
22 issuers of private activity bonds within the state in order to  
23 maximize the economic benefit to the citizens of the state  
24 from the issuance of private activity bonds pursuant to the  
25 federal Internal Revenue Code, 26 U.S.C. § 146.

26 Sec. 4. COOPERATION BETWEEN THE AGRICULTURAL DEVELOPMENT  
27 AUTHORITY AND THE IOWA FINANCE AUTHORITY. To the extent  
28 authorized by the Iowa finance authority, the agricultural  
29 development authority may use any percentage of the state  
30 ceiling allocated to the Iowa finance authority pursuant to  
31 section 7C.4A for purposes of supporting the agricultural  
32 development authority in financing the beginning farmer loan  
33 program pursuant to section 175.12 through the issuance of  
34 qualified small issue bonds. The Iowa finance authority and  
35 the agricultural development authority shall cooperate to

1 every extent practical in order to carry out this section  
2 without impeding the purposes of the Iowa finance authority.

3 Sec. 5. ADDITIONAL POSITION AUTHORIZED. In addition to  
4 any full-time equivalent positions otherwise authorized by the  
5 general assembly for the fiscal year beginning July 1, 1998,  
6 and ending June 30, 1999, the agricultural development  
7 authority, as established in section 175.3, is authorized, one  
8 full-time equivalent position for the fiscal year.

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## SENATE FILE 2052

H-8530

1 Amend the amendment, H-8360, to Senate File 2052,  
2 as amended, passed, and reprinted by the Senate, as  
3 follow:

4 1. Page 1, by striking lines 3 through 24 and  
5 inserting the following:

6 "\_\_\_\_. Page 1, by striking lines 12 through 22 and  
7 inserting the following:

8 "4A. Eighteen percent of the state ceiling shall  
9 be allocated to bonds issued by political subdivisions  
10 to finance a qualified industry or industries for the  
11 manufacturing, processing, or assembling of  
12 agricultural or manufactured products even though the  
13 processed products may require further treatment  
14 before delivery to the ultimate consumer.

15 5. During the period of January 1 through ~~October~~  
16 ~~25 June 30~~, ~~five three~~ percent of the state ceiling  
17 shall be reserved for private activity bonds issued by  
18 political subdivisions, the proceeds of which are used  
19 by the issuing political subdivisions.

20 6. a. The amount of the state ceiling not  
21 allocated under subsections 1 through 4 ~~4A~~, and after  
22 ~~October-25 June 30~~, the amount of the state ceiling  
23 reserved under subsection 5 and not allocated, shall  
24 be allocated to all bonds requiring an allocation  
25 under section 146 of the Internal Revenue Code without  
26 priority for any type of bond over another, except as  
27 otherwise provided in sections 7C.5 and 7C.11."

28 \_\_\_\_\_. Page 1, line 29, by striking the figure "4"  
29 and inserting the following: "~~4~~ 4A".

30 \_\_\_\_\_. By striking page 1, line 35, through page 2,  
31 line 7, and inserting the following: "receipt by the  
32 governor's designee. However, for the period January  
33 1 through ~~October-25 June 30~~ of each year, allocations  
34 to bonds for which an amount of the state ceiling has  
35 been reserved pursuant to section 7C.4A, subsection 5,  
36 shall be made to the political subdivisions submitting  
37 the applications first from the reserved amount until  
38 the reserved amount has been fully allocated and then  
39 from the amount specified in section 7C.4A, subsection  
40 6.

41 Sec. \_\_\_\_\_. Section 7C.6, unnumbered paragraph 1,  
42 Code 1997, is amended to read as follows:

43 A political subdivision which proposes to issue  
44 bonds for a particular project or purpose for which an  
45 allocation of the state ceiling is required and has  
46 not already been made under section 7C.4A, subsections  
47 1 through 4 ~~4A~~, must make an application for  
48 allocation before issuance of the bonds. The  
49 application may be made by the political subdivision  
50 or its representative, the beneficiary of the project

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Page 2

1 or purpose, or by a person acting on behalf of the  
2 beneficiary. The application shall be submitted to  
3 the governor's designee, in the form prescribed by the  
4 governor's designee. The application shall contain,  
5 where appropriate, the following information:

6 Sec. \_\_\_\_\_. Section 7C.7, subsection 1, Code 1997,  
7 is amended to read as follows:

8 1. If the bonds are issued and delivered for the  
9 purpose or project within the thirty-day period or the  
10 forty-five day extension period provided in subsection  
11 2, the political subdivision or its representative  
12 shall within ten days following the issuance and  
13 delivery of the bonds or not later than ~~October-25~~  
14 June 30 of that year, if the bonds were issued and  
15 delivered on or before that date, file with the  
16 governor's designee, in the form or manner the  
17 governor's designee may prescribe, a notification of  
18 the date of issuance and the delivery of the bonds,  
19 and the actual principal amount of bonds issued and  
20 delivered. The filing of the notification shall be  
21 done by actual delivery or by posting in a United  
22 States post office depository with correct first class  
23 postage paid. If the actual principal amount of bonds  
24 issued and delivered is less than the amount of the  
25 allocation, the amount of the allocation is  
26 automatically reduced to the actual principal amount  
27 of the bonds issued and delivered.""

By WARNSTADT of Woodbury

H-8530 FILED MARCH 20, 1998

*O/Order*  
*4-1-98*

## SENATE FILE 2052

H-8609

- 1 Amend the amendment, H-8360, to Senate File 2052,  
2 as amended, passed, and reprinted by the Senate, as  
3 follows:
- 4 1. Page 1, line 10, by striking the word "a".  
5 2. Page 1, line 11, by inserting before the word  
6 "qualified" the following: "bonds issued by political  
7 subdivisions to finance a".
- 8 3. Page 1, line 13, by striking the words "as  
9 defined in" and inserting the following: "even though  
10 the processed products may require further treatment  
11 before delivery to the ultimate consumer."
- 12 4. Page 1, by striking lines 14 and 15.  
13 5. Page 1, line 23, by striking the words and  
14 figure "sections-7C-5-and section" and inserting the  
15 following: "sections 7C.5 and".
- 16 6. Page 1, by inserting after line 24 the  
17 following:  
18 "\_\_\_\_. Page 1, line 29, by striking the figure "4"  
19 and inserting the following: "4 5."  
20 7. Page 1, by inserting before line 25 the  
21 following:  
22 "\_\_\_\_. Page 2, by inserting before line 8 the  
23 following:  
24 "Sec. \_\_\_\_ . Section 7C.6, unnumbered paragraph 1,  
25 Code 1997, is amended to read as follows:  
26 A political subdivision which proposes to issue  
27 bonds for a particular project or purpose for which an  
28 allocation of the state ceiling is required and has  
29 not already been made under section 7C.4A, subsections  
30 1 through 4 5, must make an application for allocation  
31 before issuance of the bonds. The application may be  
32 made by the political subdivision or its  
33 representative, the beneficiary of the project or  
34 purpose, or by a person acting on behalf of the  
35 beneficiary. The application shall be submitted to  
36 the governor's designee, in the form prescribed by the  
37 governor's designee. The application shall contain,  
38 where appropriate, the following information:"
- 39 8. By renumbering as necessary.

By KLEMME of Plymouth

H-8609 FILED MARCH 24, 1998

*O/Order*  
4-1-98  
(P. 1135)

SENATE FILE 2052

H-8360

1 Amend Senate File 2052, as amended, passed, and  
2 reprinted by the Senate, as follow:

3 1. Page 1, by striking lines 12 through 22 and  
4 inserting the following:

5 "~~5. During the period of January 1 through October~~  
6 ~~25, five percent of the state ceiling shall be~~  
7 ~~reserved for private activity bonds issued by~~  
8 ~~political subdivisions, the proceeds of which are used~~  
9 ~~by the issuing political subdivisions. Eighteen~~  
10 percent of the state ceiling shall be allocated to a  
11 qualified industry or industries for the  
12 manufacturing, processing, or assembling of  
13 agricultural or manufactured products as defined in  
14 section 419.1, subsection 12, paragraph "a",  
15 subparagraph (4).

16 6. a. The amount of the state ceiling not  
17 allocated under subsections 1 through 4 5, and after  
18 ~~October 25, the amount of the state ceiling reserved~~  
19 ~~under subsection 5 and not allocated,~~ shall be  
20 allocated to all bonds requiring an allocation under  
21 section 146 of the Internal Revenue Code without  
22 priority for any type of bond over another, except as  
23 otherwise provided in ~~sections 7E-5 and~~ section  
24 7C.11."

By COMMITTEE ON AGRICULTURE  
EDDIE of Buena Vista, Chairperson

H-8360 FILED MARCH 12, 1998

*Order 4-1-98 (p. 1134)*

SENATE FILE 2052

H-8139

1 Amend Senate File 2052, as amended, passed, and  
2 reprinted by the Senate, as follow:

3 1. Page 1, by striking lines 12 through 22 and  
4 inserting the following:

5 "~~5. During the period of January 1 through October~~  
6 ~~25, five percent of the state ceiling shall be~~  
7 ~~reserved for private activity bonds issued by~~  
8 ~~political subdivisions, the proceeds of which are used~~  
9 ~~by the issuing political subdivisions. Eighteen~~  
10 percent of the state ceiling shall be allocated to a  
11 qualified industry or industries for the  
12 manufacturing, processing, or assembling of  
13 agricultural or manufactured products as defined in  
14 section 419.1, subsection 12, paragraph "a",  
15 subparagraph (4).

16 6. a. The amount of the state ceiling not  
17 allocated under subsections 1 through 4 5, and after  
18 ~~October 25, the amount of the state ceiling reserved~~  
19 ~~under subsection 5 and not allocated,~~ shall be  
20 allocated to all bonds requiring an allocation under  
21 section 146 of the Internal Revenue Code without  
22 priority for any type of bond over another, except as  
23 otherwise provided in ~~sections 7E-5 and~~ section  
24 7C.11."

By RANTS of Woodbury

H-8139 FILED FEBRUARY 27, 1998

*Order 4-1-98 (p. 1135)*

## SENATE FILE 2052

H-8717

1 Amend Senate File 2052, as amended, passed, and  
2 reprinted by the Senate, as follows:

3 1. By striking page 1, line 1, through page 2,  
4 line 7, and inserting the following:

5 "Sec. \_\_\_\_ . Section 7C.4A, Code 1997, is amended to  
6 read as follows:

7 7C.4A ALLOCATION OF STATE CEILING.

8 ~~For each calendar year, the~~ The state ceiling shall  
9 be allocated among bonds issued for various purposes  
10 as follows:

11 1. For each calendar year, ninety-seven percent of  
12 the first one hundred fifty million dollars of the  
13 state ceiling shall be allocated as follows:

14 a. Thirty percent of the state-ceiling amount  
15 shall be allocated solely to the Iowa finance  
16 authority for the following purposes:

17 a- (1) Issuing qualified mortgage bonds.

18 b- (2) Reallocating the amount, or any portion  
19 thereof, to another qualified political subdivision  
20 for the purpose of issuing qualified mortgage bonds;  
21 or

22 c- (3) Exchanging the allocation, or any portion  
23 thereof, for the authority to issue mortgage credit  
24 certificates by election under section 25(c) of the  
25 Internal Revenue Code.

26 However, at any time during the calendar year the  
27 executive director of the Iowa finance authority may  
28 determine that a lesser amount need be allocated to  
29 the Iowa finance authority and on that date this  
30 lesser amount shall be the amount allocated to the  
31 authority and the excess shall be allocated under  
32 subsection 6 3.

33 2- b. Twelve percent of the state-ceiling amount  
34 shall be allocated to bonds issued to carry out  
35 programs established under chapters 260C, 260E, and  
36 260F. However, at any time during the calendar year  
37 the director of the Iowa department of economic  
38 development may determine that a lesser amount need be  
39 allocated and on that date this lesser amount shall be  
40 the amount allocated for those programs and the excess  
41 shall be allocated under subsection 6 3.

42 3- c. Sixteen percent of the state-ceiling amount  
43 shall be allocated to qualified student loan bonds.  
44 However, at any time during the calendar year the  
45 governor's designee, with the approval of the Iowa  
46 student loan liquidity corporation, may determine that  
47 a lesser amount need be allocated to qualified student  
48 loan bonds and on that date the lesser amount shall be  
49 the amount allocated for those bonds and the excess  
50 shall be allocated under subsection 6 3.

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Page 2

1 4- d. Sixteen Twenty-one percent of the state  
 2 ceiling amount shall be allocated to qualified small  
 3 issue bonds issued for first-time farmers. However,  
 4 at any time during the calendar year the governor's  
 5 designee, with the approval of the Iowa agricultural  
 6 development authority, may determine that a lesser  
 7 amount need be allocated to qualified small issue  
 8 bonds for first-time farmers and on that date this  
 9 lesser amount shall be the amount allocated for those  
 10 bonds and the excess shall be allocated under  
 11 subsection 6 3.

12 e. Eighteen percent of the amount shall be  
 13 allocated to bonds issued by political subdivisions to  
 14 finance a qualified industry or industries for the  
 15 manufacturing, processing, or assembly of agricultural  
 16 or manufactured products even though the processed  
 17 products may required further treatment before  
 18 delivery to the ultimate consumer.

19 5- 2. During the period of January 1 through  
 20 October-25 June 30, five three percent of the first  
 21 one hundred fifty million dollars of the state ceiling  
 22 shall be reserved for private activity bonds issued by  
 23 political subdivisions, the proceeds of which are used  
 24 by the issuing political subdivisions. During that  
 25 period, the reserved percentage shall not be allocated  
 26 for a purpose provided in subsection 1.

27 6- 3. a. The amount of the state ceiling which is  
 28 not otherwise allocated under subsections this  
 29 section, including any amount above the first one  
 30 hundred fifty million dollars of the state ceiling as  
 31 provided in this section, any amount under subsection  
 32 1 through-4 which is not allocated, and after October  
 33 25 June 30, the any amount of-the-state-ceiling  
 34 reserved under subsection 5-and 2 which is not  
 35 allocated, shall be allocated to all bonds requiring  
 36 an allocation under section 146 of the Internal  
 37 Revenue Code without priority for any type of bond  
 38 over another, except as otherwise provided in sections  
 39 7C.5 and 7C.11.

40 b. The population of the state shall be determined  
 41 in accordance with the Internal Revenue Code.

42 Sec. . Section 7C.5, Code 1997, is amended to  
 43 read as follows:

44 7C.5 FORMULA FOR ALLOCATION.

45 Except as provided in section 7C.4A, subsections  
 46 subsection 1 through-4, the state ceiling shall be  
 47 allocated among all political subdivisions on a  
 48 statewide basis on the basis of the chronological  
 49 orders of receipt by the governor's designee of the  
 50 applications described in section 7C.6 with respect to

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1 a definitive issue of bonds, as determined by the day,  
2 hour, and minute time-stamped on the application  
3 immediately upon receipt by the governor's designee.  
4 However, for the period January 1 through ~~October-25~~  
5 June 30 of each year, allocations to bonds for which  
6 an amount of the state ceiling has been reserved  
7 pursuant to section 7C.4A, subsection 5 2, shall be  
8 made to the political subdivisions submitting the  
9 applications first from the reserved amount until the  
10 reserved amount has been fully allocated and then from  
11 the amount specified in section 7C.4A, subsection 6 3.

12 Sec. \_\_\_\_\_. Section 7C.6, unnumbered paragraph 1,  
13 Code 1997, is amended to read as follows:

14 A political subdivision which proposes to issue  
15 bonds for a particular project or purpose for which an  
16 allocation of the state ceiling is required and has  
17 not already been made under section 7C.4A, subsections  
18 subsection 1 through-4, must make an application for  
19 allocation before issuance of the bonds. The  
20 application may be made by the political subdivision  
21 or its representative, the beneficiary of the project  
22 or purpose, or by a person acting on behalf of the  
23 beneficiary. The application shall be submitted to  
24 the governor's designee, in the form prescribed by the  
25 governor's designee. The application shall contain,  
26 where appropriate, the following information:

27 Sec. \_\_\_\_\_. Section 7C.7, subsection 1, Code 1997,  
28 is amended to read as follows:

29 1. If the bonds are issued and delivered for the  
30 purpose or project within the thirty-day period or the  
31 forty-five day extension period provided in subsection  
32 2, the political subdivision or its representative  
33 shall within ten days following the issuance and  
34 delivery of the bonds or not later than ~~October-25~~  
35 June 30 of that year, if the bonds were issued and  
36 delivered on or before that date, file with the  
37 governor's designee, in the form or manner the  
38 governor's designee may prescribe, a notification of  
39 the date of issuance and the delivery of the bonds,  
40 and the actual principal amount of bonds issued and  
41 delivered. The filing of the notification shall be  
42 done by actual delivery or by posting in a United  
43 States post office depository with correct first class  
44 postage paid. If the actual principal amount of bonds  
45 issued and delivered is less than the amount of the  
46 allocation, the amount of the allocation is  
47 automatically reduced to the actual principal amount  
48 of the bonds issued and delivered."

49 2. By renumbering as necessary.

By WARNSTADT of Woodbury

KLEMME of Plymouth

METCALF of Polk

RANTS of Woodbury

H-8717 FILED MARCH 25, 1998

*Adapted*

*4-1-98 (p. 1134)*

SENATE FILE 2052

H-8126

1 Amend Senate File 2052, as amended, passed and  
2 reprinted by the Senate, as follows:

3 1. Page 1, by striking lines 12 through 22 and  
4 inserting the following:

5 ~~"5. During the period of January 1 through October~~  
6 ~~25, five percent of the state ceiling shall be~~  
7 ~~reserved for private activity bonds issued by~~  
8 ~~political subdivisions, the proceeds of which are used~~  
9 ~~by the issuing political subdivisions. Twenty-one~~  
10 percent of the state ceiling shall be allocated to  
11 bonds issued by municipalities for purposes of  
12 financing projects to support industry or industries  
13 for the manufacturing, processing, or assembling of  
14 agricultural or manufactured products, as provided in  
15 chapter 419.

16 6. a. The amount of the state ceiling not  
17 allocated reserved under subsections 1 through 4 5,  
18 ~~and after but not allocated by October 25, the amount~~  
19 ~~of the state ceiling reserved under subsection 5 and~~  
20 ~~not allocated,~~ shall be allocated to all bonds  
21 requiring an allocation under section 146 of the  
22 Internal Revenue Code without priority for any type of  
23 bond over another, except as otherwise provided in  
24 sections 7C.5 and 7C.11."

25 2. Page 1, line 29, by striking the figure "4"  
26 and inserting the following: "4 5".

By RANTS of Woodbury

H-8126 FILED FEBRUARY 26, 1998

*Order 4-1-98  
(P 1135)*

SENATE FILE 2052

H-8766

1 Amend amendment H-8717, to Senate file 2052, as  
2 amended, passed and reprinted by the Senate as  
3 follows:

4 1. Page 2, line 17, by striking the word  
5 "required" and inserting the word "require".

By WARNSTADT of Woodbury

H-8766 FILED MARCH 30, 1998

*adopted*

4-1-98 (p. 1134)

HOUSE AMENDMENT TO  
SENATE FILE 2052

S-5474

1 Amend Senate File 2052, as amended, passed, and  
2 reprinted by the Senate, as follows:

3 1. By striking page 1, line 1, through page 2,  
4 line 7, and inserting the following:

5 "Sec. \_\_\_\_ . Section 7C.4A, Code 1997, is amended to  
6 read as follows:

7 7C.4A ALLOCATION OF STATE CEILING.

8 ~~For each calendar year,~~ The state ceiling shall  
9 be allocated among bonds issued for various purposes  
10 as follows:

11 1. For each calendar year, ninety-seven percent of  
12 the first one hundred fifty million dollars of the  
13 state ceiling shall be allocated as follows:

14 a. Thirty percent of the state-ceiling amount  
15 shall be allocated solely to the Iowa finance  
16 authority for the following purposes:

17 a- (1) Issuing qualified mortgage bonds.

18 b- (2) Reallocating the amount, or any portion  
19 thereof, to another qualified political subdivision  
20 for the purpose of issuing qualified mortgage bonds;  
21 or

22 c- (3) Exchanging the allocation, or any portion  
23 thereof, for the authority to issue mortgage credit  
24 certificates by election under section 25(c) of the  
25 Internal Revenue Code.

26 However, at any time during the calendar year the  
27 executive director of the Iowa finance authority may  
28 determine that a lesser amount need be allocated to  
29 the Iowa finance authority and on that date this  
30 lesser amount shall be the amount allocated to the  
31 authority and the excess shall be allocated under  
32 subsection 6 3.

33 2- b. Twelve percent of the state-ceiling amount  
34 shall be allocated to bonds issued to carry out  
35 programs established under chapters 260C, 260E, and  
36 260F. However, at any time during the calendar year  
37 the director of the Iowa department of economic  
38 development may determine that a lesser amount need be  
39 allocated and on that date this lesser amount shall be  
40 the amount allocated for those programs and the excess  
41 shall be allocated under subsection 6 3.

42 3- c. Sixteen percent of the state-ceiling amount  
43 shall be allocated to qualified student loan bonds.  
44 However, at any time during the calendar year the  
45 governor's designee, with the approval of the Iowa  
46 student loan liquidity corporation, may determine that  
47 a lesser amount need be allocated to qualified student  
48 loan bonds and on that date the lesser amount shall be  
49 the amount allocated for those bonds and the excess  
50 shall be allocated under subsection 6 3.

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Page 2

1 4- d. Sixteen Twenty-one percent of the state  
2 ceiling amount shall be allocated to qualified small  
3 issue bonds issued for first-time farmers. However,  
4 at any time during the calendar year the governor's  
5 designee, with the approval of the Iowa agricultural  
6 development authority, may determine that a lesser  
7 amount need be allocated to qualified small issue  
8 bonds for first-time farmers and on that date this  
9 lesser amount shall be the amount allocated for those  
10 bonds and the excess shall be allocated under  
11 subsection 6 3.

12 e. Eighteen percent of the amount shall be  
13 allocated to bonds issued by political subdivisions to  
14 finance a qualified industry or industries for the  
15 manufacturing, processing, or assembly of agricultural  
16 or manufactured products even though the processed  
17 products may require further treatment before delivery  
18 to the ultimate consumer.

19 5- 2. During the period of January 1 through  
20 October-25 June 30, five three percent of the first  
21 one hundred fifty million dollars of the state ceiling  
22 shall be reserved for private activity bonds issued by  
23 political subdivisions, the proceeds of which are used  
24 by the issuing political subdivisions. During that  
25 period, the reserved percentage shall not be allocated  
26 for a purpose provided in subsection 1.

27 6- 3. a. The amount of the state ceiling which is  
28 not otherwise allocated under subsections this  
29 section, including any amount above the first one  
30 hundred fifty million dollars of the state ceiling as  
31 provided in this section, any amount under subsection  
32 1 through-4 which is not allocated, and after October  
33 25 June 30, the any amount of-the-state-ceiling  
34 reserved under subsection 5-and 2 which is not  
35 allocated, shall be allocated to all bonds requiring  
36 an allocation under section 146 of the Internal  
37 Revenue Code without priority for any type of bond  
38 over another, except as otherwise provided in sections  
39 7C.5 and 7C.11.

40 b. The population of the state shall be determined  
41 in accordance with the Internal Revenue Code.

42 Sec. . Section 7C.5, Code 1997, is amended to  
43 read as follows:

44 7C.5 FORMULA FOR ALLOCATION.

45 Except as provided in section 7C.4A, subsections

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Page 3

1 a definitive issue of bonds, as determined by the day,  
 2 hour, and minute time-stamped on the application  
 3 immediately upon receipt by the governor's designee.  
 4 However, for the period January 1 through ~~October-25~~  
 5 June 30 of each year, allocations to bonds for which  
 6 an amount of the state ceiling has been reserved  
 7 pursuant to section 7C.4A, subsection 5 2, shall be  
 8 made to the political subdivisions submitting the  
 9 applications first from the reserved amount until the  
 10 reserved amount has been fully allocated and then from  
 11 the amount specified in section 7C.4A, subsection 6 3.

12 Sec. \_\_\_\_ . Section 7C.6, unnumbered paragraph 1,  
 13 Code 1997, is amended to read as follows:

14 A political subdivision which proposes to issue  
 15 bonds for a particular project or purpose for which an  
 16 allocation of the state ceiling is required and has  
 17 not already been made under section 7C.4A, subsections  
 18 subsection 1 through-4, must make an application for  
 19 allocation before issuance of the bonds. The  
 20 application may be made by the political subdivision  
 21 or its representative, the beneficiary of the project  
 22 or purpose, or by a person acting on behalf of the  
 23 beneficiary. The application shall be submitted to  
 24 the governor's designee, in the form prescribed by the  
 25 governor's designee. The application shall contain,  
 26 where appropriate, the following information:

27 Sec. \_\_\_\_ . Section 7C.7, subsection 1, Code 1997,  
 28 is amended to read as follows:

29 1. If the bonds are issued and delivered for the  
 30 purpose or project within the thirty-day period or the  
 31 forty-five day extension period provided in subsection  
 32 2, the political subdivision or its representative  
 33 shall within ten days following the issuance and  
 34 delivery of the bonds or not later than ~~October-25~~  
 35 June 30 of that year, if the bonds were issued and  
 36 delivered on or before that date, file with the  
 37 governor's designee, in the form or manner the  
 38 governor's designee may prescribe, a notification of  
 39 the date of issuance and the delivery of the bonds,  
 40 and the actual principal amount of bonds issued and  
 41 delivered. The filing of the notification shall be  
 42 done by actual delivery or by posting in a United  
 43 States post office depository with correct first class  
 44 postage paid. If the actual principal amount of bonds  
 45 issued and delivered is less than the amount of the  
 46 allocation, the amount of the allocation is  
 47 automatically reduced to the actual principal amount  
 48 of the bonds issued and delivered."

49 2. By renumbering as necessary.

RECEIVED FROM THE HOUSE

S-5474 FILED APRIL 1, 1998

*Senate Concurred*  
 4-9-98 (P. 1172)

SENATE FILE 2052

S-5552

1 Amend the House amendment, S-5474, to Senate File  
2 2052, as amended, passed, and reprinted by the Senate,  
3 as follows:

4 1. Page 3, by inserting after line 48 the  
5 following:

6 "Sec. \_\_\_\_ . Section 7C.11, Code 1997, is amended to  
7 read as follows:

8 7C.11 PRIORITY ALLOCATIONS.

9 Notwithstanding any other provision of this  
10 chapter, the governor's designee shall give priority  
11 in allocation of the state ceiling as follows:

12 1. For the allocation of the state ceiling not yet  
13 allocated, the governor's designee shall give priority  
14 in allocation to bonds which must be issued and  
15 delivered on or prior to December 31 of the calendar  
16 year in order for the interest on the bonds to be  
17 exempt from federal income taxation. Applications for  
18 an allocation with respect to these bonds shall be  
19 accompanied by an opinion of a nationally recognized  
20 bond counsel to the effect that the bonds must be  
21 issued and delivered on or prior to December 31 in  
22 that calendar year in order for the interest on the  
23 bonds to be exempt from federal income taxation.

24 2. For the allocation of the state ceiling to  
25 finance the acquisition and rehabilitation of  
26 structures listed on the national register of historic  
27 places, if the structures are located in areas which  
28 are difficult to develop census tracts, as designated  
29 by the United States department of housing and urban  
30 development for purposes of providing affordable  
31 rental housing for low and moderate income senior  
32 citizens."

By STEVEN D. HANSEN

S-5552 FILED APRIL 7, 1998

*Lost  
4/9/98  
(p.1171)*

SENATE FILE 2052

S-5599 Amend the House amendment, S-5474, to Senate File  
1 2052, as amended, passed, and reprinted by the Senate,  
2 as follows:  
3 1. By striking page 1, line 7, through page 2,  
4 line 41, and inserting the following:  
5 "7C.4A ALLOCATION OF STATE CEILING.  
6 For each calendar year, the state ceiling shall be  
7 allocated among bonds issued for various purposes as  
8 follows:

- 9 1. Thirty percent of the state ceiling shall be  
10 allocated solely to the Iowa finance authority for the  
11 following purposes:
  - 12 a. Issuing qualified mortgage bonds.
  - 13 b. Reallocating the amount, or any portion  
14 thereof, to another qualified political subdivision  
15 for the purpose of issuing qualified mortgage bonds;

- 16 c. Exchanging the allocation, or any portion  
17 thereof, for the authority to issue mortgage credit  
18 certificates by election under section 25(c) of the  
19 Internal Revenue Code.

20 However, at any time during the calendar year the  
21 executive director of the Iowa finance authority may  
22 determine that a lesser amount need be allocated to  
23 the Iowa finance authority and on that date this  
24 lesser amount shall be the amount allocated to the  
25 authority and the excess shall be allocated under  
26 subsection 6 7.

- 27 2. Twelve percent of the state ceiling shall be  
28 allocated to bonds issued to carry out programs  
29 established under chapters 260C, 260E, and 260F.  
30 However, at any time during the calendar year the  
31 director of the Iowa department of economic  
32 development may determine that a lesser amount sh  
33 allocated and on that date this lesser amount sh  
34 the amount allocated for those programs and the  
35 shall be allocated under subsection 6 7.

- 36 3. Sixteen percent of the state ceiling shall  
37 allocated to qualified student loan bonds.  
38 at any time during the approval of the Iowa st  
39 designee, with the approval of the Iowa st  
40 liquidity corporation, may determine that  
41 amount need be allocated to qualified st  
42 bonds and on that date the lesser amount  
43 shall be allocated for those bonds and t  
44 amount allocated under subsection 6 7.  
45 be allocated to qualified sma  
4. Sixteen Twenty-one percent of  
first-time farmers. Ho  
calendar year the gove

S-5599

Page 2

1 the approval of the Iowa agricultural development  
2 authority, may determine that a lesser amount need be  
3 allocated to qualified small issue bonds for first-  
4 time farmers and on that date this lesser amount shall  
5 be the amount allocated for those bonds and the excess  
6 shall be allocated under subsection 6 7.

7 5. Eighteen percent of the state ceiling shall be  
8 allocated to bonds issued by political subdivisions to  
9 finance a qualified industry or industries for the  
10 manufacturing, processing, or assembly of agricultural  
11 or manufactured products even though the processed  
12 products may require further treatment before delivery  
13 to the ultimate consumer.

14 5 6. During the period of January 1 through  
15 October-25 June 30, five three percent of the state  
16 ceiling shall be reserved for private activity bonds  
17 issued by political subdivisions, the proceeds of  
18 which are used by the issuing political subdivisions.

19 6 7. a. The amount of the state ceiling which is  
20 not otherwise allocated under subsections 1 through 4  
21 5, and after October-25 June 30, the amount of the  
22 state ceiling reserved under subsection 5 6 and not  
23 allocated, shall be allocated to all bonds requiring  
24 an allocation under section 146 of the Internal  
25 Revenue Code without priority for any type of bond  
26 over another, except as otherwise provided in sections  
27 7C.5 and 7C.11.

28 b. The population of the state shall be determined  
29 in accordance with the Internal Revenue Code."

30 2. Page 2, lines 45 and 46, by striking the words  
31 and figures "subsections subsection 1 through-4" and  
32 inserting the following: "subsections 1 through 4 5".

33 3. Page 3, line 7, by striking the figure "2" and  
34 inserting the following: "6".

35 4. Page 3, line 11, by striking the figure "3"  
36 and inserting the following: "7".

37 5. Page 3, lines 17 and 18, by striking the words  
38 and figures "subsections subsection 1 through-4" and  
39 inserting the following: "subsections 1 through 4 5".

By MERLIN E. BARTZ

S-5599 FILED APRIL 9, 1998

ADOPTED

(P. 1147)

SENATE AMENDMENT TO HOUSE AMENDMENT TO S. F. 2052  
H-9117

1 Amend the House amendment, S-5474, to Senate File  
2 2052, as amended, passed, and reprinted by the Senate,  
3 as follows:

4 1. By striking page 1, line 7, through page 2,  
5 line 41, and inserting the following:

6 "7C.4A ALLOCATION OF STATE CEILING.

7 For each calendar year, the state ceiling shall be  
8 allocated among bonds issued for various purposes as  
9 follows:

10 1. Thirty percent of the state ceiling shall be  
11 allocated solely to the Iowa finance authority for the  
12 following purposes:

13 a. Issuing qualified mortgage bonds.

14 b. Reallocating the amount, or any portion  
15 thereof, to another qualified political subdivision  
16 for the purpose of issuing qualified mortgage bonds;  
17 or

18 c. Exchanging the allocation, or any portion  
19 thereof, for the authority to issue mortgage credit  
20 certificates by election under section 25(c) of the  
21 Internal Revenue Code.

22 However, at any time during the calendar year the  
23 executive director of the Iowa finance authority may  
24 determine that a lesser amount need be allocated to  
25 the Iowa finance authority and on that date this  
26 lesser amount shall be the amount allocated to the  
27 authority and the excess shall be allocated under  
28 subsection 6 7.

29 2. Twelve percent of the state ceiling shall be  
30 allocated to bonds issued to carry out programs  
31 established under chapters 260C, 260E, and 260F.  
32 However, at any time during the calendar year the  
33 director of the Iowa department of economic  
34 development may determine that a lesser amount need be  
35 allocated and on that date this lesser amount shall be  
36 the amount allocated for those programs and the excess  
37 shall be allocated under subsection 6 7.

38 3. Sixteen percent of the state ceiling shall be  
39 allocated to qualified student loan bonds. However,  
40 at any time during the calendar year the governor's  
41 designee, with the approval of the Iowa student loan  
42 liquidity corporation, may determine that a lesser  
43 amount need be allocated to qualified student loan  
44 bonds and on that date the lesser amount shall be the  
45 amount allocated for those bonds and the excess shall  
46 be allocated under subsection 6 7.

47 4. Sixteen Twenty-one percent of the state ceiling  
48 shall be allocated to qualified small issue bonds  
49 issued for first-time farmers. However, at any time  
50 during the calendar year the governor's designee, with

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Page 2

1 the approval of the Iowa agricultural development  
2 authority, may determine that a lesser amount need be  
3 allocated to qualified small issue bonds for first-  
4 time farmers and on that date this lesser amount shall  
5 be the amount allocated for those bonds and the excess  
6 shall be allocated under subsection 6 7.

7 5. Eighteen percent of the state ceiling shall be  
8 allocated to bonds issued by political subdivisions to  
9 finance a qualified industry or industries for the  
10 manufacturing, processing, or assembly of agricultural  
11 or manufactured products even though the processed  
12 products may require further treatment before delivery  
13 to the ultimate consumer.

14 5 6. During the period of January 1 through  
15 October-25 June 30, five three percent of the state  
16 ceiling shall be reserved for private activity bonds  
17 issued by political subdivisions, the proceeds of  
18 which are used by the issuing political subdivisions.

19 6 7. a. The amount of the state ceiling which is  
20 not otherwise allocated under subsections 1 through 4  
21 5, and after October-25 June 30, the amount of the  
22 state ceiling reserved under subsection 5 6 and not  
23 allocated, shall be allocated to all bonds requiring  
24 an allocation under section 146 of the Internal  
25 Revenue Code without priority for any type of bond  
26 over another, except as otherwise provided in sections  
27 7C.5 and 7C.11.

28 b. The population of the state shall be determined  
29 in accordance with the Internal Revenue Code."

30 2. Page 2, lines 45 and 46, by striking the words  
31 and figures "subsections subsection 1 through-4" and  
32 inserting the following: "subsections 1 through 4 5".

33 3. Page 3, line 7, by striking the figure "2" and  
34 inserting the following: "6".

35 4. Page 3, line 11, by striking the figure "3"  
36 and inserting the following: "7".

37 5. Page 3, lines 17 and 18, by striking the words  
38 and figures "subsections subsection 1 through-4" and  
39 inserting the following: "subsections 1 through 4 5".

RECEIVED FROM THE SENATE

H-9117 FILED APRIL 13, 1998

*House Concurred  
4-14-98  
(p. 1570)*

Bartz - Chair  
Fraise  
Hedge

Agriculture  
SSB - 2002  
Succeeded By  
SF/HF 2052

SENATE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
AGRICULTURE BILL BY  
CHAIRPERSON RENSINK)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

A BILL FOR

1 An Act relating to the state ceiling on the issuance of private  
2 activity bonds to administer programs by governmental  
3 entities, including the Iowa agricultural development  
4 authority, and political subdivisions.

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

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1 Section 1. Section 7C.4A, subsections 4, 5, and 6, Code  
2 1997, are amended to read as follows:

3 4. ~~Sixteen~~ Twenty percent of the state ceiling shall be  
4 allocated to qualified small issue bonds issued for first-time  
5 farmers. However, at any time during the calendar year the  
6 governor's designee, with the approval of the Iowa  
7 agricultural development authority, may determine that a  
8 lesser amount need be allocated to qualified small issue bonds  
9 for first-time farmers and on that date this lesser amount  
10 shall be the amount allocated for those bonds and the excess  
11 shall be allocated under subsection 6.

12 ~~5.--During-the-period-of-January-1-through-October-25, five~~  
13 ~~percent-of-the-state-ceiling-shall-be-reserved-for-private~~  
14 ~~activity-bonds-issued-by-political-subdivisions, the proceeds~~  
15 ~~of-which-are-used-by-the-issuing-political-subdivisions.~~

16 6. a. The amount of the state ceiling not allocated under  
17 subsections 1 through 4, ~~and-after-October-25, the amount of~~  
18 ~~the-state-ceiling-reserved-under-subsection-5-and-not~~  
19 ~~allocated,~~ shall be allocated to all bonds requiring an  
20 allocation under section 146 of the Internal Revenue Code  
21 without priority for any type of bond over another, except as  
22 otherwise provided in sections 7C.5 and 7C.11.

23 b. The population of the state shall be determined in  
24 accordance with the Internal Revenue Code.

25 Sec. 2. Section 7C.5, Code 1997, is amended to read as  
26 follows:

27 7C.5 FORMULA FOR ALLOCATION.

28 Except as provided in section 7C.4A, subsections 1 through  
29 4, the state ceiling shall be allocated among all political  
30 subdivisions on a statewide basis on the basis of the  
31 chronological orders of receipt by the governor's designee of  
32 the applications described in section 7C.6 with respect to a  
33 definitive issue of bonds, as determined by the day, hour, and  
34 minute time-stamped on the application immediately upon  
35 receipt by the governor's designee. ~~However, for the period~~

1 ~~January 1 through October 25 of each year, allocations to~~  
 2 ~~bonds for which an amount of the state ceiling has been~~  
 3 ~~reserved pursuant to section 7C.4A, subsection 5, shall be~~  
 4 ~~made to the political subdivisions submitting the applications~~  
 5 ~~first from the reserved amount until the reserved amount has~~  
 6 ~~been fully allocated and then from the amount specified in~~  
 7 ~~section 7C.4A, subsection 6.~~

8 EXPLANATION

9 Iowa Code section 7C.4A allocates a ceiling among the  
 10 various governmental units which are authorized to issue  
 11 private activity bonds under the laws of this state. The  
 12 section allocates a percentage of the state ceiling for a  
 13 number of public purposes, including housing, job training,  
 14 and education. Sixteen percent of the state ceiling is  
 15 allocated to qualified small issue bonds issued for first-time  
 16 farmers, under programs administered by the agricultural  
 17 development authority. This bill increases the allocation to  
 18 20 percent of the state ceiling. The bill eliminates a  
 19 provision allocating five percent of the state ceiling for the  
 20 issuance of private activity bonds by political subdivisions  
 21 authorized to issue such bonds.

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SENATE FILE 2052

AN ACT

RELATING TO PROGRAMS INVOLVING GOVERNMENT FINANCE, BY PROVIDING FOR THE ISSUANCE OF PRIVATE ACTIVITY BONDS TO ADMINISTER PROGRAMS BY GOVERNMENTAL ENTITIES, INCLUDING THE IOWA AGRICULTURAL DEVELOPMENT AUTHORITY AND POLITICAL SUBDIVISIONS, AND PROVIDING PROGRAM ASSISTANCE TO BEGINNING FARMERS.

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

Section 1. Section 7C.4A, Code 1997, is amended to read as follows:

7C.4A ALLOCATION OF STATE CEILING.

For each calendar year, the state ceiling shall be allocated among bonds issued for various purposes as follows:

1. Thirty percent of the state ceiling shall be allocated solely to the Iowa finance authority for the following purposes:

- a. Issuing qualified mortgage bonds.
- b. Reallocating the amount, or any portion thereof, to another qualified political subdivision for the purpose of issuing qualified mortgage bonds; or

c. Exchanging the allocation, or any portion thereof, for the authority to issue mortgage credit certificates by election under section 25(c) of the Internal Revenue Code.

However, at any time during the calendar year the executive director of the Iowa finance authority may determine that a lesser amount need be allocated to the Iowa finance authority and on that date this lesser amount shall be the amount allocated to the authority and the excess shall be allocated under subsection 6 7.

2. Twelve percent of the state ceiling shall be allocated to bonds issued to carry out programs established under chapters 260C, 260E, and 260F. However, at any time during the calendar year the director of the Iowa department of economic development may determine that a lesser amount need be allocated and on that date this lesser amount shall be the amount allocated for those programs and the excess shall be allocated under subsection 6 7.

3. Sixteen percent of the state ceiling shall be allocated to qualified student loan bonds. However, at any time during the calendar year the governor's designee, with the approval of the Iowa student loan liquidity corporation, may determine that a lesser amount need be allocated to qualified student loan bonds and on that date the lesser amount shall be the amount allocated for those bonds and the excess shall be allocated under subsection 6 7.

4. Sixteen Twenty-one percent of the state ceiling shall be allocated to qualified small issue bonds issued for first-time farmers. However, at any time during the calendar year the governor's designee, with the approval of the Iowa agricultural development authority, may determine that a lesser amount need be allocated to qualified small issue bonds for first-time farmers and on that date this lesser amount shall be the amount allocated for those bonds and the excess shall be allocated under subsection 6 7.

5. Eighteen percent of the state ceiling shall be allocated to bonds issued by political subdivisions to finance a qualified industry or industries for the manufacturing, processing, or assembly of agricultural or manufactured products even though the processed products may require further treatment before delivery to the ultimate consumer.

5 6. During the period of January 1 through ~~October-25~~ June 30, ~~five three~~ percent of the state ceiling shall be reserved for private activity bonds issued by political subdivisions, the proceeds of which are used by the issuing political subdivisions.

6 7. a. The amount of the state ceiling which is not otherwise allocated under subsections 1 through 4 5, and after ~~October-25~~ June 30, the amount of the state ceiling reserved under subsection 5 6 and not allocated, shall be allocated to all bonds requiring an allocation under section 146 of the Internal Revenue Code without priority for any type of bond over another, except as otherwise provided in sections 7C.5 and 7C.11.

b. The population of the state shall be determined in accordance with the Internal Revenue Code.

Sec. 2. Section 7C.5, Code 1997, is amended to read as follows:

7C.5 FORMULA FOR ALLOCATION.

Except as provided in section 7C.4A, subsections 1 through 4 5, the state ceiling shall be allocated among all political subdivisions on a statewide basis on the basis of the chronological orders of receipt by the governor's designee of the applications described in section 7C.6 with respect to a definitive issue of bonds, as determined by the day, hour, and minute time-stamped on the application immediately upon receipt by the governor's designee. However, for the period January 1 through ~~October-25~~ June 30 of each year, allocations to bonds for which an amount of the state ceiling has been reserved pursuant to section 7C.4A, subsection 5 6, shall be

made to the political subdivisions submitting the applications first from the reserved amount until the reserved amount has been fully allocated and then from the amount specified in section 7C.4A, subsection 6 7.

Sec. 3. Section 7C.6, unnumbered paragraph 1, Code 1997, is amended to read as follows:

A political subdivision which proposes to issue bonds for a particular project or purpose for which an allocation of the state ceiling is required and has not already been made under section 7C.4A, subsections 1 through 4 5, must make an application for allocation before issuance of the bonds. The application may be made by the political subdivision or its representative, the beneficiary of the project or purpose, or by a person acting on behalf of the beneficiary. The application shall be submitted to the governor's designee, in the form prescribed by the governor's designee. The application shall contain, where appropriate, the following information:

Sec. 4. Section 7C.7, subsection 1, Code 1997, is amended to read as follows:

1. If the bonds are issued and delivered for the purpose or project within the thirty-day period or the forty-five day extension period provided in subsection 2, the political subdivision or its representative shall within ten days following the issuance and delivery of the bonds or not later than ~~October-25~~ June 30 of that year, if the bonds were issued and delivered on or before that date, file with the governor's designee, in the form or manner the governor's designee may prescribe, a notification of the date of issuance and the delivery of the bonds, and the actual principal amount of bonds issued and delivered. The filing of the notification shall be done by actual delivery or by posting in a United States post office depository with correct first class postage paid. If the actual principal amount of bonds issued and delivered is less than the amount of the allocation, the

amount of the allocation is automatically reduced to the actual principal amount of the bonds issued and delivered.

Sec. 5. EXECUTIVE DIRECTOR -- CONGRESSIONAL PERSUASION. The executive director of the agricultural development authority as established pursuant to chapter 175 shall use every effort practical to persuade members of the Congress of the United States regarding the following:

1. The need to change provisions in federal law, including the federal Internal Revenue Code, 26 U.S.C. § 141 et seq., in order to allow a person to qualify for assistance under the beginning farmer loan program pursuant to section 175.12, to finance the acquisition of agricultural land, improvements, and depreciable property from a family member, if the purchase price paid for the land, improvements, or depreciable property is not less than seventy-five percent of its appraised value.

2. The need to increase the state of Iowa's ceiling to the issuers of private activity bonds within the state in order to maximize the economic benefit to the citizens of the state from the issuance of private activity bonds pursuant to the federal Internal Revenue Code, 26 U.S.C. § 146.

Sec. 6. COOPERATION BETWEEN THE AGRICULTURAL DEVELOPMENT AUTHORITY AND THE IOWA FINANCE AUTHORITY. To the extent authorized by the Iowa finance authority, the agricultural development authority may use any percentage of the state ceiling allocated to the Iowa finance authority pursuant to section 7C.4A for purposes of supporting the agricultural development authority in financing the beginning farmer loan program pursuant to section 175.12 through the issuance of qualified small issue bonds. The Iowa finance authority and the agricultural development authority shall cooperate to every extent practical in order to carry out this section without impeding the purposes of the Iowa finance authority.

Sec. 7. ADDITIONAL POSITION AUTHORIZED. In addition to any full-time equivalent positions otherwise authorized by the general assembly for the fiscal year beginning July 1, 1998,

and ending June 30, 1999, the agricultural development authority, as established in section 175.3, is authorized, one full-time equivalent position for the fiscal year.

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MARY E. KRAMER  
President of the Senate

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RON J. CORBETT  
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2052, Seventy-seventh General Assembly.

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MARY PAT GUNDERSON  
Secretary of the Senate

Approved May 6, 1998

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TERRY E. BRANSTAD  
Governor