

12.28 Centralized financing for state agency purchase of real and personal property.

1. As used in [this section](#), unless the context otherwise requires:

a. “*Financing agreement*” means any lease, lease-purchase agreement, or installment acquisition contract in which the lessee may purchase the leased property at a price which is less than the fair market value of the property at the end of the lease term, or any lease, agreement, or transaction which would be considered under criteria established by the internal revenue service to be a conditional sale agreement for tax purposes.

b. “*State agency*” means a board, commission, bureau, division, office, department, or branch of state government. However, state agency does not mean the state board of regents, institutions governed by the board of regents, or authorities created under [chapter 16](#) or [261A](#).

2. The treasurer of state shall have sole authority to enter into financing agreements on behalf of state agencies. The treasurer of state may enter into financing agreements, including master lease-purchase agreements, for the purpose of funding state agency requests for the financing of real or personal property, wherever located within the state, including equipment, buildings, facilities, and structures, or additions or improvements to existing buildings, facilities, and structures. Subject to the selection procedures of [section 12.30](#), the treasurer may employ financial consultants, banks, trustees, insurers, underwriters, accountants, attorneys, and other advisors or consultants as necessary to implement the provisions of [this section](#). The costs of professional services and any other costs of entering into the financing agreements may be included in the financing agreement as a cost of the property being financed.

3. The financing agreement may provide for ultimate ownership of the property by the state. Title to all property acquired in this manner shall be taken and held in the name of the state. The state shall be the lessee or contracting party under all financing agreements entered into pursuant to [this section](#). The financing agreements may contain provisions pertaining, but not limited to, interest, term, prepayment, and the state’s obligation to make payments on the financing agreement beyond the current budget year subject to availability of appropriations. All projects financed under [this section](#) shall be deemed to be for an essential governmental purpose.

4. The treasurer of state may contract for additional security or liquidity for a financing agreement and may enter into agreements for letters of credit, lines of credit, insurance, or other forms of security with respect to rental and other payments due under a financing agreement. Fees for the costs of additional security or liquidity are a cost of entering into the financing agreement and may be paid from funds annually appropriated by the general assembly to the state agency for which the property is being obtained, from other funds legally available, or from proceeds of the financing agreement. The provision of a financing agreement which provides that a portion of the periodic rental or lease payment be applied as interest is subject to [chapter 74A](#). Other laws relating to interest rates do not apply. [Chapter 75](#) does not apply to financing agreements entered into pursuant to [this section](#).

5. Payments and other costs due under financing agreements entered into pursuant to [this section](#) shall be payable from funds annually appropriated by the general assembly to the state agency for which the property is being obtained or from other funds legally available. The treasurer of state, in cooperation with the department of administrative services, shall implement procedures to ensure that state agencies are timely in making payments due under the financing agreements.

6. The maximum principal amount of financing agreements which the treasurer of state can enter into shall be one million dollars per state agency in a fiscal year, subject to the requirements of [section 8.46](#). For the fiscal year, the treasurer of state shall not enter into more than one million dollars of financing agreements per state agency, not considering interest expense. However, the treasurer of state may enter into financing agreements in excess of the one million dollar per agency per fiscal year limit if a constitutional majority of each house of the general assembly, or the legislative council if the general assembly is not in session, and the governor, authorize the treasurer of state to enter into additional financing agreements above the one million dollar authorization contained in [this section](#). The treasurer of state shall not enter into a financing agreement for real or personal

property which is to be constructed for use as a prison or prison-related facility without prior authorization by a constitutional majority of each house of the general assembly and approval by the governor of the use, location, and maximum cost, not including interest expense, of the real or personal property to be financed. However, financing agreements for an energy conservation measure, as defined in [section 7D.34](#), are exempt from the provisions of [this subsection](#), but are subject to the requirements of [section 7D.34](#). In addition, financing agreements funded through the materials and equipment revolving fund established in [section 307.47](#) are exempt from the provisions of [this subsection](#).

7. The treasurer of state shall decide upon the most economical method of financing a state agency's request for funds. The treasurer of state may utilize master lease-purchase agreements, issue certificates of participation in lease-purchase agreements, or use any other financing method or method of sale which the treasurer believes will provide savings to the state in issuance or interest costs.

8. A financing agreement to which the state is a party is an obligation of the state for purposes of [chapters 502](#) and [636](#), and is a lawful investment for banks, trust companies, building and loan associations, savings and loan associations, investment companies, insurance companies, insurance associations, executors, guardians, trustees, and other fiduciaries responsible for the investment of funds.

9. Publication of any notice, whether under [section 73A.12](#) or otherwise, and other or further proceedings with respect to the financing agreements referred to in [this section](#) are not required except as set forth in [this section](#), notwithstanding any provisions of other statutes of the state to the contrary.

[96 Acts, ch 1177, §2; 2003 Acts, ch 145, §286; 2008 Acts, ch 1126, §2, 33; 2008 Acts, ch 1156, §13, 58; 2009 Acts, ch 97, §6; 2013 Acts, ch 100, §19, 27; 2023 Acts, ch 70, §16; 2024 Acts, ch 1167, §15](#)

Referred to in [§8A.321, 8D.11, 29C.23, 476.10B](#)
Subsection 6 amended