



State of Iowa
Executive Department

IN THE NAME AND BY THE AUTHORITY OF THE STATE OF IOWA

EXECUTIVE ORDER NUMBER TWENTY-FIVE

WHEREAS,

on February 19, 1986, I, Terry E. Branstad, Governor of the State of Iowa issued Executive Order Number Twenty-Two providing a process for allocating among the various political subdivisions, and issuing agencies and authorities (collectively the "political subdivisions" and singularly the "political subdivision") of the State of Iowa (the "State") the principal amount of State or local Bonds, the interest on which is not included in gross income for federal income tax purposes under the International Revenue Code of 1954, as amended (the "Code") or the Internal Revenue Code of 1986, as amended (the "1986 Code"), which could be issued by Political Subdivisions within the State (the "Bonds") under the terms of H.R. 3838, the Tax Reform Act of 1985, as passed by the United States House of Representatives (the "House") on December 17, 1985; and

WHEREAS,

an amended version of H.R. 3838, the Tax Reform Act of 1985 now known as H.R. 3838, the Tax Reform Act of 1986 (the "Act") was passed by the House on September 25, 1986 and was passed by the United States Senate (the "Senate") on September 27, 1986 and was signed into law by the President on October 22, 1986; and

WHEREAS,

in order to provide a process for allocating among the Political Subdivisions of the State the principal amount of Bonds which may be issued by Political Subdivisions of the State within any calendar year and which are subject to the volume cap provisions of Section 146 of the 1986 Code, the Governor of the State deems the best interests of the citizens of the State to be served by an amendment to Executive Order Number Twenty-Two that will permit, on an interim basis only, an orderly and equitable process for allocating the principal amount of Bonds which can be issued by political subdivisions of the State during each calendar year and which are subject to the provisions of Section 146 of the 1986 Code, until the date on which an alternate allocation method is enacted by the legislature of the State; and

WHEREAS,

the Act creates Section 42 of the 1986 Code providing for a low-income housing credit which is to be allocated among various eligible projects by an agency authorized to carry out the provisions of Section 42 of the 1986 Code in an amount not to exceed the State Housing Credit Ceiling and the Governor of the State of Iowa deems the best interests of the citizens of the State to be served by a further amendment to Executive Order Number Twenty-Two that will permit, on an interim basis only, an orderly and equitable process for allocating the allowable amount of low-income housing credit among the various eligible projects within the State during each calendar year until the date on which an alternate allocation method is enacted by the legislature of the State.

NOW, THEREFORE, I, Terry E. Branstad, Governor of the State of Iowa, by the power and authority vested in me by the Constitution and the laws of the State do hereby order and decree that the following amendment be made to Executive Order Number Twenty-Two to provide a procedure for allocating the total principal amount of Bonds which can be issued by political subdivisions of the State during any calendar year and which are subject to the provisions of Section 146 of the 1986 Code and further to provide a procedure for allocating the State Housing Credit Ceiling amount of low-income housing credit available for eligible projects under Section 42 of the 1986 Code, both until an alternate allocation method is enacted by the legislature of the State:

Section 1. Section 1 of Executive Order Number Twenty-Two is hereby amended to read as follows:

Section 1. The aggregate principal amount of Bonds subject to the provision of Section 146 of the 1986 Code which may be issued by all Political Subdivisions during a calendar year shall not exceed the "State Ceiling" provided in Section 146(d) of the 1986 Code (the "State Ceiling") for each calendar year except as provided in Section 5 hereof. The State Ceiling shall be allocated among Bonds issued for various purposes as follows:

(a) For each calendar year, an amount of the State Ceiling equal to \$75,000,000 shall be allocated solely to the Iowa Finance Authority for purposes of (i) issuing qualified Mortgage Bonds as defined in Section 143 of the 1986 ("Qualified Mortgage Bonds"), (ii) reallocating such amount, or any portion thereof, to another qualified issuer for the purpose of issuing Qualified Mortgage Bonds, or (iii) exchanging such allocations, or any portion thereof, for authority to issue mortgage credit certificates by election under Section 25(c)(2)(A)(ii) of the 1986 Code;

provided, however, that at any time during any calendar year the Executive Director of the Iowa Finance Authority may determine that a lesser amount need be allocated to the Iowa Finance Authority hereunder and from and after that date such lesser amount shall be so allocated and the excess above such amount shall be allocated under Subsection 1(d) below;

(b) For each calendar year, an amount of the State Ceiling equal to \$30,000,000 shall be allocated to Bonds issued to carryout programs established under Sections 280A, 280B and 280C of the Iowa Code; provided, however, that at any time during any calendar year the Director of the Iowa Department of Economic Development may determine that a lesser amount need be allocated under this Subsection 1(b) and from and after such date such lesser amount shall be so allocated and the excess above such amount shall be allocated under Subsection 1(d) below;

(c) For each calendar year after 1986 an amount of the State Ceiling equal to \$40,000,000 shall be allocated to Qualified Student Loan Bonds, as defined in Section 144 of the 1986 Code; provided, however, that at any time during a calendar year the Governor's Designee, with approval of the Iowa Student Loan Liquidity Corporation and the Iowa Higher Education Loan Association may determine that a lesser amount need be allocated to Qualified Student Loan Bonds and from and after that date such lesser amount shall be so allocated and the excess above such amount shall be allocated under Subsection 1(d) below;

(d) Any amount of the State Ceiling not allocated in Subsections 1(a), (b) or (c) above shall be allocated to all Bonds requiring an allocation under the provisions of Section 146 of the 1986 Code without priority of one type of Bond over another except as otherwise provided in Sections 2 and 9 hereof, except that for the calendar year ending December 31, 1986, no such allocation shall be used for Bonds described in Subsections 1(a), (b) and (c) above; and

The population of the State shall be determined in accordance with the provisions of the 1986 Code.

Section 2. Section 4(c) of Executive Order Number Twenty-Two is hereby amended to read as follows:

(c) The allocation will cease to be valid unless the Bonds are issued and delivered prior to December 24 (December 31 in the case of Bonds described in Section 9(b) hereof) of the calendar year in which the allocation is certified, except as provided in Section 5.

Section 3. Section 9 of Executive Order Number Twenty-two is hereby amended by deleting the provisions thereof in their entirety and inserting in lieu thereof the following:

Section 9. (a) Pursuant to the provisions of this Executive Order, as amended by Executive Order Number Twenty-Five, an allocation of the State Ceiling is hereby made with respect to Bonds which have been delivered after December 31, 1985 and prior to the date of Executive Order Number Twenty-Five.

(b) Notwithstanding any other provisions of this Executive Order, the Governor's designee shall give priority in the allocation of the State Ceiling at the time unallocated to all Bonds which must be issued and delivered on or prior to December 31 of any calendar year in order for the interest on the Bonds to be exempt from federal income taxation. Applications for an allocation with respect to such Bonds shall be accompanied by an opinion of nationally recognized bond counsel to the effect that such Bonds must be issued and delivered on or prior to December 31 in such calendar year in order for the interest on the Bonds to be exempt from federal income taxation.

Section 4. Executive Order Number Twenty-Two is hereby further amended to read as follows:

Section 11. The aggregate low-income housing credit, as described in Section 42 of the 1986 Code, allowable in each calendar year shall not exceed the State Housing Credit Ceiling provided in Section 42(h)(3) of the 1986 Code. The State Housing Credit Ceiling shall be allocated to various types of projects eligible for the low-income housing credit under Section 42 of the 1986 Code except that no more than 90% of the State Housing Credit Ceiling shall be allocated to projects other than "qualified nonprofit housing projects" as described in Section 42(h)(5)(B) of the 1986 Code.

The population of the State shall be determined in accordance with the provisions of the 1986 Code.

Section 12. All references herein to the "Act" shall be to H.R. 3838, the Tax Reform Act of 1986 as passed by the House on September 25, 1986 and the Senate on September 27, 1986. All references in Sections 2, 3, 4, 6, 7 and 8 herein to the term "Bonds" shall include "private activity bonds" as defined in Section 141 of the 1986 Code and the "low-income housing credit" provided for in Section 42 of the 1986 Code. All references to the term "political" subdivision or "political subdivisions" in Sections 2, 3, 4, 6, 7 and 8 herein shall include the "taxpayer" making application for the low-income housing credit in accordance with Section 42 of the 1986 Code. The word "chapter" in Section 3(g) is hereby amended to read "Executive Order".

Section 13. Notwithstanding anything herein to the contrary, Sections 2, 3, 4, 6 and 7 hereof shall not apply to amounts allocated under Section 1(a) hereof."



IN TESTIMONY WHEREOF, I have hereunto subscribed my name and caused the Great Seal of the State of Iowa to be affixed. Done at Des Moines, Iowa the 17th day of November in the year of our Lord, 1986.

Terry E. Branstad
Governor

Attest:

Mary Jane Ouel
Secretary of State