



KIM REYNOLDS  
GOVERNOR

**OFFICE OF THE GOVERNOR**

ADAM GREGG  
LT GOVERNOR

June 30, 2020

The Honorable Paul Pate  
Secretary of State of Iowa  
State Capitol  
Des Moines, Iowa 50319

Dear Mr. Secretary:

I hereby transmit House File 2556, an Act concerning governmental real property and official publications.

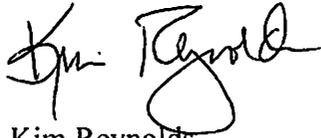
House File 2556 contains a number of provisions with which I have no objection. But Division II of the bill imposes new requirements on local governmental bodies and the State of Iowa prohibiting the sale of real property unless it is sold “to the highest responsive, responsible bidder” or the governmental body, by a two-thirds vote, approves a different bidder for “good cause” or a different process.

I understand the concern that a governmental body may occasionally make a decision to sell property with which many of its constituents disagree. But I am not convinced that this bill is the appropriate solution.

Governmental bodies may reasonably conclude that factors other than price — such as a potential developer’s jobs and economic impact, environmental cleanup, or improvements to the property and infrastructure — should determine to whom a property should be sold. And imposing a two-thirds vote requirement to make this choice would unnecessarily complicate a local government’s decision making and could unintentionally hurt redevelopment and economic growth efforts in our state. I am also concerned that the new language lacks clarity and could lead to litigation, confusion, and unintended consequences surrounding governmental real estate transactions even where a unanimous vote approves of the transaction.

For these reasons, I respectfully disapprove of House File 2556 in its entirety.

Sincerely,

A handwritten signature in black ink, appearing to read "Kim Reynolds". The signature is fluid and cursive, with the first name "Kim" and the last name "Reynolds" clearly distinguishable.

Kim Reynolds  
Governor of Iowa

cc: Secretary of the Senate  
Clerk of the House



House File 2556

AN ACT  
CONCERNING GOVERNMENTAL REAL PROPERTY AND OFFICIAL  
PUBLICATIONS.

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

DIVISION I

PUBLIC REAL PROPERTY AND LEASE CONTRACTS

Section 1. NEW SECTION. 7E.5B Real property lease or purchase — notice.

In addition to any other provision of law, any purchase or lease of real property, other than on a temporary basis, when necessary in order to implement the programs of an authority or protect the investments of an authority, shall require prior written notice from the authority to the legislative services agency. The legislative services agency shall submit the notification to the government oversight standing committees of the general assembly. The notification shall include the information as described in section 8A.321, subsection 16.

Sec. 2. Section 8A.321, Code 2020, is amended by adding the following new subsection:

NEW SUBSECTION. 16. At least thirty days prior to entering into a contract for a lease or renewal of a lease pursuant to subsection 6 or a contract for the acquisition of real property pursuant to subsection 9 in which any part or the total amount of the contract is at least fifty thousand dollars, notify the legislative services agency concerning the contract. The legislative services agency shall submit the

notification to the general assembly's standing committees on government oversight. The notification is required regardless of the source of payment for the lease, renewal of lease, or acquisition of real property. The notification shall include all of the following information:

a. A description of the buildings and office space subject to the lease or renewal of lease or a description of the real property to be acquired.

b. The proposed terms of the contract.

c. The cost of the contract, including principal and interest costs. If the actual cost of a contract is not known at least thirty days prior to entering into the contract, the director shall estimate the principal and interest costs for the contract.

d. An identification of the means and source of payment of the contract.

e. An analysis of consequences of delaying or abandoning the commencement of the contract.

#### DIVISION II

#### SALE OF PUBLIC REAL PROPERTY

Sec. 3. Section 8A.321, subsection 8, Code 2020, is amended to read as follows:

8. With the authorization of a constitutional majority of each house of the general assembly and approval by the governor, dispose of real property belonging to the state and its state agencies upon terms, conditions, and consideration as the director may recommend. Disposition of real property under this subsection shall be made under a procedure whereby the real property shall be sold to the highest responsive, responsible bidder, unless the executive council, by at least a two-thirds vote, agrees to accept a different bidder for good cause, or agrees to proceed in a different manner. If real property subject to sale under this subsection has been purchased or acquired from appropriated funds, the proceeds of the sale shall be deposited with the treasurer of state and credited to the general fund of the state or other fund from which appropriated. There is appropriated from that same fund, with the prior approval of the executive council and in cooperation with the director, a sum equal to the proceeds

so deposited and credited to the state agency to which the disposed real property belonged or by which it was used, for purposes of the state agency.

Sec. 4. Section 297.22, subsection 1, paragraph a, Code 2020, is amended to read as follows:

a. The board of directors of a school district may sell, lease, or dispose of, in whole or in part, a schoolhouse, school site, or other property belonging to the district. The board shall sell real property to the highest responsive, responsible bidder unless the board, by at least a two-thirds vote, agrees to accept a different bidder for good cause, or agrees to proceed in a different manner. If the real property contains less than two acres, is located outside of a city, is not adjacent to a city, and was previously used as a schoolhouse site, the procedure contained in sections 297.15 through 297.20 shall be followed in lieu of this section.

Sec. 5. Section 331.361, subsection 2, Code 2020, is amended by adding the following new paragraph:

NEW PARAGRAPH. 0a. The board shall dispose of real property under a procedure whereby real property shall be sold to the highest responsive, responsible bidder unless the board, by at least a two-thirds vote, agrees to accept a different bidder for good cause, or agrees to proceed in a different manner.

Sec. 6. Section 359.52, subsection 1, Code 2020, is amended by adding the following new paragraph:

NEW PARAGRAPH. 0a. The board of trustees shall dispose of real property under a procedure whereby real property shall be sold to the highest responsive, responsible bidder unless the board, by at least a two-thirds vote, agrees to accept a different bidder for good cause, or agrees to proceed in a different manner.

Sec. 7. Section 364.7, Code 2020, is amended by adding the following new subsection:

NEW SUBSECTION. 01. The council shall dispose of real property under a procedure whereby real property shall be sold to the highest responsive, responsible bidder unless the council, by at least a two-thirds vote, agrees to accept a different bidder for good cause, or agrees to proceed in a different manner.

DIVISION III  
OFFICIAL PUBLICATIONS

Sec. 8. Section 349.2, Code 2020, is amended to read as follows:

**349.2 Source of selection.**

~~Such selection~~ Selection of newspapers in which official proceedings shall be published shall be from newspapers published, and having the largest number of bona fide yearly subscribers, within the county. When counties are divided into two divisions for district court purposes, each division shall be regarded as a county. In the event there is no newspaper published within the county, selection shall be as provided in section 349.6.

Sec. 9. Section 349.6, Code 2020, is amended by adding the following new subsection:

NEW SUBSECTION. 3. However, if there is no newspaper published within the county, the newspaper to be selected shall be determined as provided in this subsection. If one newspaper is to be selected, the board shall select a newspaper located within twenty-five miles of the border of the county that meets the requirements of section 618.5. If two newspapers are to be selected and the two newspapers with the largest number of bona fide yearly subscribers within the county are both located more than twenty-five miles from the border of the county, then the board may substitute one of the two newspapers with a newspaper that is located within twenty-five miles from the border of the county that meets the requirements of section 618.5. The board shall, in the presence of the contestants, determine the other official newspaper by lot between the previously determined two newspapers.

Sec. 10. Section 618.14, Code 2020, is amended to read as follows:

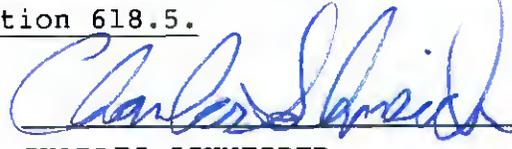
**618.14 Publication of matters of public importance.**

1. The governing body of any municipality or other political subdivision of the state may publish, as straight matter or display, any matter of general public importance, in one or more newspapers, as defined in section 618.3 published in and having general circulation in such municipality or political subdivision, at the legal or appropriate commercial rate,

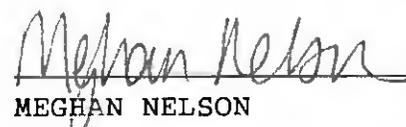
according to the character of the matter published.

2. In the event there is no such newspaper published in such municipality or political subdivision or in the event publication in more than one such newspaper is desired, publication may be made in any such newspaper having general circulation in such municipality or political subdivision. However, if no newspaper having general circulation within a municipality or political subdivision is located within twenty-five miles from the border of the municipality or political subdivision, the applicable governing body may waive the requirements in section 618.3 and designate a newspaper that is located in the applicable municipality or political subdivision or is located within twenty-five miles from the border of the applicable municipality or political subdivision that meets the requirements of section 618.5.

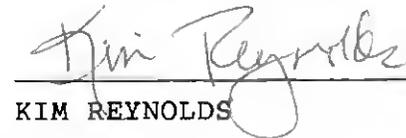
  
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PAT GRASSLEY  
Speaker of the House

  
\_\_\_\_\_  
CHARLES SCHNEIDER  
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2556, Eighty-eighth General Assembly.

  
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MEGHAN NELSON  
Chief Clerk of the House

DISAPPROVED  
KCR Approved June 30<sup>th</sup>, 2020

  
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KIM REYNOLDS  
Governor