

Commerce 3/25, Pass per 2689 5/2

Senate File 357
Commerce
Briles, Chairman
Junkins
Gallagher

FILED MAR 24 1975

SENATE FILE

357

Has Commerce 1/12, Pass per 5540 3/4

By LAMBORN, NORPEL, GLENN
and SHAFF

Passed Senate, Date 5-23-75 (1559) Passed House, Date 5-6-76 (p. 2463)
Vote: Ayes 45 Nays 0 Vote: Ayes 83 Nays 0
Approved 5-20-76

Repassed Senate per House amendment
5-11-76 (p. 1265)
43-0

A BILL FOR

- 1 An Act relating to investment by state banks in revenue bonds
- 2 issued by municipalities in support of industrial projects.
- 3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
- 4

H-5224

- 1 Amend Senate File 357, as amended and passed by
- 2 the Senate as follows:
- 3 1. Page 1, line 22, by inserting after the word
- 4 "foregoing" the words "whereby the municipality could
- 5 receive revenues for payment of such bonds from any
- 6 one person or any group of persons under common
- 7 control".
- 8 2. Page 1, line 24, by inserting after the word
- 9 "bank." the following: "A state bank shall obtain
- 10 the express consent of the superintendent prior to
- 11 investment by that bank of an amount in excess of
- 12 twenty percent of its capital and surplus in bonds
- 13 or securities issued by any one municipality."

H-5224 FILED *Withdrawn* BY NEWHARD of Jones
FEBRUARY 17, 1976 *5/6 (2462)*

H-5540

- 1 Amend the Senate File 357, as amended and passed
- 2 by the Senate as follows:
- 3 1. Page 1, line 22, by inserting after the
- 4 word "foregoing" the words "whereby the municipal-
- 5 ity could receive revenues for payment of such
- 6 bonds from any one person or any group of persons
- 7 under common control".
- 8 2. Page 1, line 24, by inserting after the
- 9 word "bank." the following: "A state bank shall
- 10 obtain the express consent of the superintendent
- 11 prior to investment by that bank of an amount in
- 12 excess of twenty percent of its capital and sur-
- 13 plus in bonds or securities issued by any one
- 14 municipality."

H-5540 FILED BY COMMITTEE ON COMMERCE
MARCH 4, 1976 - *adopted* SMALL of Johnson, Chair
5/6 (2462)

1 Section 1. Section five hundred twenty-four point nine
2 hundred one (524.901), Code 1975, is amended by striking
3 subsection two (2) and inserting in lieu thereof the following:

4 2. A state bank may invest for its own account in other
5 readily marketable bonds or securities, with investment
6 characteristics as defined by the superintendent by general
7 regulation applicable to all state banks, subject to the
8 following limitations:

9 a. The total amount of such bonds or securities of any
10 one issuer or obligor, other than revenue bonds issued by
11 a municipality pursuant to section four hundred nineteen point
12 two (419.2) of the Code, shall not exceed twenty percent of
13 the capital and surplus of the state bank.

14 b. The total amount of revenue bonds issued by a
15 municipality pursuant to section four hundred nineteen point
16 two (419.2) of the Code which have been issued on behalf of
17 any one lessee, as defined in section four hundred nineteen
18 point one (419.1) of the Code, or which are guaranteed by
19 any one guarantor, or which are issued on behalf of or
20 guaranteed by a corporation, a ten percent or greater ownership
21 interest in which is held by or in common with a lessor or
22 guarantor, or any combination of the foregoing, shall not
23 exceed twenty percent of the capital and surplus of the state
24 bank.

25 c. No bond or security shall be eligible for investment
26 by a state bank within this subsection if the bond or security
27 has been in default either as to principal or interest at
28 any time within five years prior to the date of purchase.

29 Sec. 2. This Act being deemed of immediate importance,
30 shall take effect and be in force from and after its
31 publication in the Jackson Sentinel, a newspaper published
32 in Maquoketa, Iowa, and in The Anamosa Journal, a newspaper
33 published in Anamosa, Iowa.

34 EXPLANATION

35 This bill allows a state bank to invest an amount in excess

1 of twenty percent of the capital and surplus of the bank in
2 industrial revenue bonds issued by a single municipality so
3 long as the twenty percent limit is applied to bonds issued
4 by the municipality on behalf of any one lessee or guarantor
5 or a subsidiary thereof. The lessee or guarantor is the
6 effective obligor on such bonds, and this bill would prevent
7 the exclusion of a local enterprise from a bank's investment
8 portfolio merely because of previous investments in unconnected
9 revenue bond issues of the same municipality.

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S-3689

1 Amend Senate File 357 by striking lines 29
2 through 33.

S-3689 FILED - *Adopted 5/23 (1958)* BY LOWELL L. JUNKINS, CHAIRMAN
MAY 2, 1975 COMMITTEE ON COMMERCE

HOUSE AMENDMENT TO SENATE FILE 357

S-5720

1 Amend the Senate File 357, as amended and passed
2 by the Senate as follows:

3 1. Page 1, line 22, by inserting after the
4 word "foregoing" the words "whereby the municipal-
5 ity could receive revenues for payment of such
6 bonds from any one person or any group of persons
7 under common control".
8 2. Page 1, line 24, by inserting after the
9 word "bank." the following: "A state bank shall
10 obtain the express consent of the superintendent
11 prior to investment by that bank of an amount in
12 excess of twenty percent of its capital and sur-
13 plus in bonds or securities issued by any one
14 municipality."

S-5720 FILED
MAY 10, 1976

RECEIVED FROM THE HOUSE
Senate concurred 5/11 (1864)

SENATE FILE 357

AN ACT

RELATING TO INVESTMENT BY STATE BANKS IN REVENUE BONDS ISSUED
BY MUNICIPALITIES IN SUPPORT OF INDUSTRIAL PROJECTS.

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

Section 1. Section five hundred twenty-four point nine hundred one (524.901), Code 1975, is amended by striking subsection two (2) and inserting in lieu thereof the following:

2. A state bank may invest for its own account in other readily marketable bonds or securities, with investment characteristics as defined by the superintendent by general regulation applicable to all state banks, subject to the following limitations:

a. The total amount of such bonds or securities of any one issuer or obligor, other than revenue bonds issued by a municipality pursuant to section four hundred nineteen point two (419.2) of the Code, shall not exceed twenty percent of the capital and surplus of the state bank.

b. The total amount of revenue bonds issued by a municipality pursuant to section four hundred nineteen point two (419.2) of the Code which have been issued on behalf of any one lessee, as defined in section four hundred nineteen point one (419.1) of the Code, or which are guaranteed by any one guarantor, or which are issued on behalf of or guaranteed by a corporation, a ten percent or greater ownership interest in which is held by or in common with a lessor or guarantor, or any combination of the foregoing whereby the municipality could receive revenues for payment of such bonds from any one person or any group of persons under common control, shall not exceed twenty percent of the capital and surplus of the state bank. A state bank shall obtain the express consent of the superintendent prior to investment by that bank of an amount in excess of twenty percent of its

capital and surplus in bonds or securities issued by any one municipality.

c. No bond or security shall be eligible for investment by a state bank within this subsection if the bond or security has been in default either as to principal or interest at any time within five years prior to the date of purchase.

ARTHUR A. NEU
President of the Senate

DALE M. COCHRAN
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 357, Sixty-sixth General Assembly.

STEVEN C. CROSS
Secretary of the Senate

Approved May 20, 1976

ROBERT D. RAY
Governor