

FEB 18 1988

Place On Calendar

HOUSE FILE 2269

BY COMMITTEE ON TRANSPORTATION

*Substituted for 2 + 1984*  
(Formerly House Study Bill 563)

Passed House, Date February 4, 1988 Passed Senate, Date April 14, 1988

Vote: Ayes 75 Nays 0 Vote: Ayes 42 Nays 0

Approved May 11, 1988 (Bill Substituted)

*Regina's name* 4/16/88 (S. 2100)  
59-2

*What is the maximum...*  
2000

**A BILL FOR**

1 An Act relating to funds in the special railroad facility fund  
2 and the rail assistance fund and providing an effective date.

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

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1 Section 327H.23, as amended paragraph 1, Code  
2 Supplement 1987, is amended to read as follows:

3 The department may enter into agreements with railroad  
4 corporations, the United States government, cities, counties,  
5 and other persons for carrying out the purposes of this  
6 chapter. Agreements entered into between the department and  
7 railroad corporations under this section may require a  
8 railroad corporation to reimburse all or part of the costs  
9 paid from the railroad assistance fund from revenue derived  
10 from all railroad cars and traffic using the main line, branch  
11 line, switching yard or sidings defined in the agreement. An  
12 agreement which does not require the repayment of railroad  
13 assistance funds used for rehabilitation projects shall  
14 require the railroad corporation to establish and maintain a  
15 separate corporation account to which an amount equal to all  
16 or part of the costs paid from the railroad assistance fund  
17 shall be credited from revenue derived from all railroad cars  
18 and traffic using the main line, branch line, switching yard  
19 or siding defined in the agreement. ~~However, one-half of the~~  
20 ~~funds credited to the railroad assistance fund shall be~~  
21 ~~expended as nonreimbursable grants for rehabilitation~~  
22 ~~programs.~~ Credits to the corporation account by the railroad  
23 corporation may be used for the restoration, conservation,  
24 improvement, and construction of the railroad corporation's  
25 main line, branch lines, switching yards and sidings within  
26 the state. The agreement shall stipulate the terms and  
27 conditions governing the use of credits to the corporation  
28 account as well as a penalty for the use of the account in a  
29 manner other than as provided in the agreement.

30 Sec. 2. Section 327H.24, unnumbered paragraph 2, Code  
31 Supplement 1987, is amended to read as follows:

32 Notwithstanding section 453.7, subsection 2, interest and  
33 earnings on moneys deposited in the railroad assistance fund  
34 shall be credited to the railroad assistance fund. Interest  
35 and earnings credited to the railroad assistance fund under

1 this paragraph ~~shall~~ may be expended as loans or  
2 nonreimbursable grants.

3 Sec. 3. 1983 Iowa Acts, chapter 198, section 32, unnum-  
4 bered paragraph 1, as amended by 1987 Iowa Acts, chapter 232,  
5 section 28, is amended to read as follows:

6 Notwithstanding the provisions of section 423.24, there is  
7 transferred from revenues collected under chapter 423 during  
8 each year of the fiscal period beginning July 1, 1983 and  
9 ending June 30, 1985 from the use tax imposed on motor  
10 vehicles, trailers and motor vehicle accessories and equipment  
11 under section 423.7 the sum of seven million five hundred  
12 thousand (7,500,000) dollars which shall be transferred to the  
13 special railroad facility fund to be used exclusively for the  
14 purposes provided in this section. The Iowa railway finance  
15 authority may enter into a partnership agreement as allowed  
16 under section 307B.7, subsection 7, for the purpose of  
17 acquiring the right-of-way of the Chicago, Rock Island and  
18 Pacific railroad. The funds shall be expended to supplement  
19 private investment capital obtained for that purpose by  
20 matching any private investment capital on an equal basis.  
21 The funds transferred to the special railroad facility fund  
22 under this section shall be considered an interest-free loan  
23 to be repaid to the road use tax fund from receipts credited  
24 to the special railroad facility fund under section 307B.23  
25 except that moneys credited for repayment of the loan during  
26 the period beginning July 1, 1987 and ending June 30, 1989,  
27 shall be credited to the railroad assistance fund. The rail  
28 assistance fund shall repay all funds credited to it under  
29 this section to the road use tax fund within fifteen years  
30 after receipt of the funds.

31 Sec. 4. This Act, being deemed of immediate importance,  
32 takes effect upon its enactment.

33

#### EXPLANATION

34 The bill removes the requirement that one-half of the funds  
35 credited to the rail assistance fund be expended as nonreim-

1 bursable grants. The bill also provides that certain loan  
2 funds credited to the rail assistance fund shall be repaid to  
3 the road use tax fund within fifteen years. The bill  
4 eliminates the requirement that interest and earnings on  
5 moneys deposited in the railroad assistance fund be spent only  
6 on nonreimbursable grants. The bill takes effect upon  
7 enactment.

8 SIMILAR TO HSB 563 (LSB 7340DH)

9 COMPANION TO LSB 7339DS 72

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HOUSE FILE 2269

S-5647

1 Amend House File 2269 as passed by the House as  
2 follows:

3 1. Page 1, by inserting before line 1 the  
4 following:

5 "Section 1. Section 307B.23, Code 1987, is amended  
6 to read as follows:

7 307B.23 SPECIAL RAILROAD FACILITY FUND.

8 1. There is created in the office of the state  
9 treasurer a "special railroad facility fund". This  
10 fund shall include moneys credited to this fund under  
11 sections 307.29, 435.9, and other ~~funds~~ moneys which  
12 by law may be credited to the special railroad  
13 facility fund. The moneys in the special railroad  
14 facility fund are hereby appropriated to and for the  
15 purposes of the authority as provided in this chapter.  
16 The funds in the special railroad facility fund shall  
17 not be considered as a part of the general fund of the  
18 state, ~~shall~~ are not be subject to appropriation for  
19 any other purpose by the general assembly, and in  
20 determining a general fund balance shall not be  
21 included in the general fund of the state but shall  
22 remain in the special railroad facility fund to be  
23 used for the purposes set forth ~~herein~~ in this  
24 section. The treasurer of state shall act as  
25 custodian of the fund and disburse amounts contained  
26 in it as directed by the authority. The treasurer of  
27 state is authorized to invest the funds deposited in  
28 the special railroad facility fund at the direction of  
29 the authority and subject to any limitations contained  
30 in the bond proceedings. The income from such  
31 investment shall be credited to and deposited in the  
32 special railroad facility fund. This fund shall be  
33 administered by the authority and may be used to  
34 purchase or upgrade railroad right-of-way and trackage  
35 facilities or to purchase general or limited  
36 partnership interests in a partnership formed to  
37 purchase, upgrade, or operate railroad right-of-way  
38 and trackage facilities, to pay or secure obligations  
39 issued by the authority, to pay obligations,  
40 judgments, or debts for which the authority becomes  
41 liable in its capacity as a general partner, or for  
42 any other use authorized under this chapter. The fund  
43 may also be used to purchase or upgrade railroad  
44 right-of-way and trackage facilities for the  
45 development of railroad passenger tourism.

46 2. Any moneys credited to the special railroad  
47 facility fund under section 435.9 shall be deposited  
48 in a separate account within the special railroad  
49 facility fund. The authority may issue obligations  
50 under this chapter which are secured solely by the

1 moneys to be deposited in that separate account and  
2 the holders or owners of any such obligations shall  
3 have no rights to payment of bond service charges from  
4 any other funds in the special railroad facility fund,  
5 including any moneys accruing to the authority from  
6 the lease, sale or other disposition, or use of  
7 railway facilities, or from payment of the principal  
8 of or interest on loans made, or from any other use of  
9 the proceeds of the sale of the obligations, and no  
10 such moneys may be used for the payment of bond  
11 service charges on any such obligations, except for  
12 accrued interest, capitalized interest, and reserves  
13 funded from proceeds received upon the sale of the  
14 obligations.

15 3. Moneys received from repayment from heartland  
16 rail corporation as provided in 1983 Iowa Acts,  
17 chapter 198, section 32, as amended by 1987 Iowa Acts,  
18 chapter 232, section 28, and section 6 of this Act,  
19 shall be deposited in a separate account within the  
20 special railroad facility fund and shall be used by  
21 the authority only on branch rail lines whose total  
22 traffic is at least fifty percent agricultural  
23 products.

24 Sec. 2. NEW SECTION. 307B.25 CERTIFICATION FOR  
25 RECEIPT OF USE TAX MONEYS.

26 The authority shall certify to the treasurer of  
27 state amounts of money necessary for payment of  
28 principle and interest by the authority on bonds  
29 issued on or after July 1, 1988, or to make payments  
30 on leases guaranteed by the authority on or after July  
31 1, 1988. However, certification shall only be made  
32 under this section when there are insufficient moneys  
33 available to the authority for the payment from moneys  
34 credited to the special railroad facility fund or  
35 other sources available to the authority.

36 Certification shall only be made under this section  
37 for projects in which the authority has done all of  
38 the following:

39 1. Conducted a feasibility study, prior to  
40 agreeing to assist the project, which demonstrates  
41 that the proposed project has a reasonable potential  
42 to generate adequate revenues to be economically  
43 viable.

44 2. Obtained from participants in the project  
45 pledges to be received by the authority, which in  
46 combination with other moneys available to the  
47 authority, are sufficient to either retire bonds  
48 issued by the authority to assist the project or make  
49 all payments on leases guaranteed by the authority to  
50 assist the project, including a lien against the

1 assets of the project and a lien against the assets of  
2 each participant in the project to the extent of that  
3 participant's pledged obligation.

4 Sec. 3. NEW SECTION. 307B.26 APPROPRIATION TO  
5 AUTHORITY.

6 The treasurer of state shall credit to the Iowa  
7 railway finance authority from revenue to be credited  
8 to the road use tax fund under section 423.24,  
9 subsection 1, paragraph "b", amounts certified by the  
10 authority under section 307B.25. However, the total  
11 amount credited to the Iowa railway finance authority  
12 under this section shall not exceed five million  
13 dollars annually. Moneys credited to the Iowa railway  
14 finance authority under this subsection are  
15 appropriated only for the payment of principle and  
16 interest on bonds or the payment of leases guaranteed  
17 by the authority as provided under section 307B.25."

18 2. Page 1, line 1, by striking the word and  
19 figure "Section 1" and inserting the following: "Sec.  
20 4".

21 3. Page 1, line 30, by striking the word and  
22 figure "Sec. 2" and inserting the following: "Sec.  
23 5".

24 4. Page 2, line 3, by striking the word and  
25 figure "Sec. 3" and inserting the following: "Sec.  
26 6".

27 5. Page 2, line 27, by striking the word "rail"  
28 and inserting the following: "railroad".

29 6. Page 2, line 30, by striking the words "the  
30 funds." and inserting the following: "each repayment  
31 from the amount of the repayment."

32 7. Page 2, by inserting after line 30 the  
33 following:

34 "The special railroad facility fund shall repay to  
35 the road use tax fund, within thirty years after  
36 receipt of each repayment from heartland rail  
37 corporation the amount of the repayment, but in the  
38 interim the Iowa railway finance authority may lend  
39 these moneys for other rail projects without any other  
40 limitations contained in this section being  
41 applicable."

42 8. Title page, line 1, by inserting after the  
43 word "to" the following: "the funding for rail lines  
44 including".

45 9. Title page, line 2, by striking the word  
46 "rail" and inserting the following: "railroad".

47 10. Title page, line 2, by striking the word  
48 "fund" and inserting the following: "fund, including  
49 an appropriation, authorizing certain payments,".

HOUSE FILE 2269

S-5831

1 Amend amendment, S-5759, to House File 2269, as  
2 passed by the House, as follows:  
3 1. Page 3, line 18, by inserting after the figure  
4 "307B.25." the following: "Moneys credited to the  
5 authority under this section shall be repaid from the  
6 general fund to the road use tax fund."

S-5831

Filed April 7, 1988

*Adopted 4/14 (p. 1557)*

BY RICHARD DRAKE

JOE WELSH

HOUSE FILE 2269

S-6009

1 Amend amendment S-5759 to House File 2269 as  
2 passed by the House as follows:  
3 1. Page 5, line 1, by striking the word "two"  
4 and inserting the following: "three".  
5 2. Page 5, line 2, by striking the word "two"  
6 and inserting the following: "three".

S-6009

Filed April 14, 1988

*0*

ADOPTED

*(p. 1557)*

BY C. JOSEPH COLEMAN

HOUSE FILE 2269

-5759

1 Amend House File 2269, as passed by the House, as  
2 follows:

3 1. By striking everything after the enacting  
4 clause and inserting the following:

5 "Section 1. Section 307B.23, Code 1987, is amended  
6 to read as follows:

7 307B.23 SPECIAL RAILROAD FACILITY FUND.

8 1. There is created in the office of the state  
9 treasurer a "special railroad facility fund". This  
10 fund shall include moneys credited to this fund under  
11 sections 307.29, 435.9, and other funds moneys which  
12 by law may be credited to the special railroad  
13 facility fund. The moneys in the special railroad  
14 facility fund are hereby appropriated to and for the  
15 purposes of the authority as provided in this chapter.  
16 The funds in the special railroad facility fund shall  
17 not be considered as a part of the general fund of the  
18 state, ~~shall~~ are not be subject to appropriation for  
19 any other purpose by the general assembly, and in  
20 determining a general fund balance shall not be  
21 included in the general fund of the state but shall  
22 remain in the special railroad facility fund to be  
23 used for the purposes set forth herein in this  
24 section. The treasurer of state shall act as  
25 custodian of the fund and disburse amounts contained  
26 in it as directed by the authority. The treasurer of  
27 state is authorized to invest the funds deposited in  
28 the special railroad facility fund at the direction of  
29 the authority and subject to any limitations contained  
30 in the bond proceedings. The income from such  
31 investment shall be credited to and deposited in the  
32 special railroad facility fund. This fund shall be  
33 administered by the authority and may be used to  
34 purchase or upgrade railroad right-of-way and trackage  
35 facilities or to purchase general or limited  
36 partnership interests in a partnership formed to  
37 purchase, upgrade, or operate railroad right-of-way  
38 and trackage facilities, to pay or secure obligations  
39 issued by the authority, to pay obligations,  
40 judgments, or debts for which the authority becomes  
41 liable in its capacity as a general partner, or for  
42 any other use authorized under this chapter. The fund  
43 may also be used to purchase or upgrade railroad  
44 right-of-way and trackage facilities for the  
45 development of railroad passenger tourism.

46 2. Any moneys credited to the special railroad  
47 facility fund under section 435.9 shall be deposited  
48 in a separate account within the special railroad  
49 facility fund. The authority may issue obligations  
50 under this chapter which are secured solely by the

1 moneys to be deposited in that separate account and  
2 the holders or owners of any such obligations shall  
3 have no rights to payment of bond service charges from  
4 any other funds in the special railroad facility fund,  
5 including any moneys accruing to the authority from  
6 the lease, sale or other disposition, or use of  
7 railway facilities, or from payment of the principal  
8 of or interest on loans made, or from any other use of  
9 the proceeds of the sale of the obligations, and no  
10 such moneys may be used for the payment of bond  
11 service charges on any such obligations, except for  
12 accrued interest, capitalized interest, and reserves  
13 funded from proceeds received upon the sale of the  
14 obligations.

15 3. Moneys received from repayment from heartland  
16 rail corporation as provided in 1983 Iowa Acts,  
17 chapter 198, section 32, as amended by 1987 Iowa Acts,  
18 chapter 232, section 28, and section 6 of this Act,  
19 shall be deposited in a separate account within the  
20 special railroad facility fund and shall be used by  
21 the authority only for debt service or rehabilitation  
22 on branch rail lines whose total projected traffic is  
23 at least fifty percent agricultural products.

24 Sec. 2. NEW SECTION. 307B.25 CERTIFICATION FOR  
25 RECEIPT OF USE TAX MONEYS.

26 The authority shall certify to the treasurer of  
27 state amounts of money necessary for payment of  
28 principle and interest by the authority on obligations  
29 issued on or after July 1, 1988, or to make payments  
30 on leases guaranteed by the authority on or after July  
31 1, 1988. However, certification shall only be made  
32 under this section when there are insufficient moneys  
33 available to the authority for the payment from moneys  
34 credited to the special railroad facility fund or  
35 other sources available to the authority.

36 Certification shall only be made under this section  
37 for projects in which the authority has done all of  
38 the following:

39 1. Conducted a feasibility study, prior to  
40 agreeing to assist the project, which demonstrates  
41 that the proposed project has a reasonable potential  
42 to generate adequate revenues to be economically  
43 viable.

44 2. Obtained from participants in the project  
45 pledges to be received by the authority, which in  
46 combination with other moneys available to the  
47 authority, are sufficient to either retire obligations  
48 issued by the authority to assist the project or make  
49 all payments on leases guaranteed by the authority to  
50 assist the project, including a lien against the

1 assets of the project and a lien against the assets of  
2 each participant in the project to the extent of that  
3 participant's pledged obligation.

4 Sec. 3. NEW SECTION. 307B.25 APPROPRIATION TO  
5 AUTHORITY.

6 Notwithstanding section 423.24 and prior to the ap-  
7 plication of section 423.24, subsection 1, paragraph  
8 "b", there is appropriated to the authority from  
9 revenues derived from the operation of section 423.7  
10 the amounts certified by the authority under section  
11 307B.25. However, the total amount credited to the  
12 Iowa railway finance authority under this section  
13 shall not exceed two million dollars annually. Moneys  
14 credited to the Iowa railway finance authority under  
15 this section are appropriated only for the payment of  
16 principle and interest on obligations or the payment  
17 of leases guaranteed by the authority as provided  
18 under section 307B.25.

19 Sec. 4. Section 327H.20, unnumbered paragraph 1,  
20 Code Supplement 1987, is amended to read as follows:

21 The department may enter into agreements with  
22 railroad corporations, the United States government,  
23 cities, counties, and other persons for carrying out  
24 the purposes of this chapter. Agreements entered into  
25 between the department and railroad corporations under  
26 this section may require a railroad corporation to  
27 reimburse all or part of the costs paid from the  
28 railroad assistance fund from revenue derived from all  
29 railroad cars and traffic using the main line, branch  
30 line, switching yard or sidings defined in the  
31 agreement. An agreement which does not require the  
32 repayment of railroad assistance funds used for  
33 rehabilitation projects shall require the railroad  
34 corporation to establish and maintain a separate  
35 corporation account to which an amount equal to all or  
36 part of the costs paid from the railroad assistance  
37 fund shall be credited from revenue derived from all  
38 railroad cars and traffic using the main line, branch  
39 line, switching yard or siding defined in the  
40 agreement. ~~However, one-half of the funds credited to~~  
41 ~~the railroad assistance fund shall be expended as~~  
42 ~~nonreimbursable grants for rehabilitation programs.~~  
43 Credits to the corporation account by the railroad  
44 corporation may be used for the restoration,  
45 conservation, improvement, and construction of the  
46 railroad corporation's main line, branch lines,  
47 switching yards and sidings within the state. The  
48 agreement shall stipulate the terms and conditions  
49 governing the use of credits to the corporation  
50 account as well as a penalty for the use of the

1 account in a manner other than as provided in the  
2 agreement.

3 Sec. 5. Section 327H.24, unnumbered paragraph 2,  
4 Code Supplement 1987, is amended to read as follows:

5 Notwithstanding section 453.7, subsection 2,  
6 interest and earnings on moneys deposited in the  
7 railroad assistance fund shall be credited to the  
8 railroad assistance fund. Interest and earnings  
9 credited to the railroad assistance fund under this  
10 paragraph ~~shall~~ may be expended as loans or  
11 nonreimbursable grants.

12 Sec. 6. 1983 Iowa Acts, chapter 198, section 32,  
13 unnumbered paragraph 1, as amended by 1987 Iowa Acts,  
14 chapter 232, section 28, is amended to read as  
15 follows:

16 Notwithstanding ~~the provisions of~~ section 423.24,  
17 there is transferred from revenues collected under  
18 chapter 423 during each year of the fiscal period  
19 beginning July 1, 1983 and ending June 30, 1985 from  
20 the use tax imposed on motor vehicles, trailers and  
21 motor vehicle accessories and equipment under section  
22 423.7 the sum of seven million five hundred thousand  
23 (7,500,000) dollars which shall be transferred to the  
24 special railroad facility fund to be used exclusively  
25 for the purposes provided in this section. The Iowa  
26 railway finance authority may enter into a partnership  
27 agreement as allowed under section 307B.7, subsection  
28 7, for the purpose of acquiring the right-of-way of  
29 the Chicago, Rock Island and Pacific railroad. The  
30 funds shall be expended to supplement private  
31 investment capital obtained for that purpose by  
32 matching any private investment capital on an equal  
33 basis. The funds transferred to the special railroad  
34 facility fund under this section shall be considered  
35 an interest-free loan to be repaid to the road use tax  
36 fund from receipts credited to the special railroad  
37 facility fund under section 307B.23 except that moneys  
38 credited for repayment of the loan during the period  
39 beginning July 1, 1987 and ending June 30, ~~1989~~ 1988,  
40 shall be credited to the railroad assistance fund.  
41 The special railroad facility fund shall repay to the  
42 road use tax fund, within thirty years after receipt  
43 of each repayment from heartland rail corporation the  
44 amount of the repayment, but in the interim the Iowa  
45 railway finance authority may lend these moneys for  
46 other rail projects without any other limitations  
47 contained in this section being applicable.

48 Sec. 7. The legislative council may authorize an  
49 interim study to develop recommendations for the  
50 branch line rail assistance program. The membership

S-5759 Page 5

1 of the study committee shall consist of two members  
2 from the senate and two members from the house of  
3 representatives and one member appointed by each of  
4 the following:

- 5 1. Iowa grain and feed association.
- 6 2. Iowa institute of cooperation.
- 7 3. Farm bureau.
- 8 4. Rail shippers association.
- 9 5. State department of transportation.
- 10 6. Iowa railway finance authority.

11 The study committee shall report its findings,  
12 including proposed legislation, to the governor and  
13 the members of the general assembly by January 1,  
14 1989.

15 Sec. 8. This Act, being deemed of immediate  
16 importance, takes effect upon its enactment."

17 2. Title page, line 1, by inserting after the  
18 word "to" the following: "the operation and funding  
19 of rail lines including".

20 3. Title page, line 2, by inserting after the  
21 word "fund" the following: "and an appropriation".

S-5759

Filed April 4, 1988

*Adopted as amended by S 784, 5784, 5881,  
5478 A, B, C, and 6009 4/14 (p. 1500)*

BY RICHARD F. DRAKE  
JEAN LLOYD-JONES  
CALVIN O. HULTMAN

HOUSE FILE 2269

S-5784

1 Amend amendment S-5759 to House File 2269, as  
2 passed by the House, as follows:  
3 1. Page 5, by striking line 9 and inserting the  
4 following:  
5 "5. Iowa railroad association."

S-5784

Filed April 5, 1988

*Adopted 4/14 (p. 1500)*

BY HURLEY HALL

HOUSE FILE 2269

S-5788

1 Amend amendment S-5759 to House File 2269, as  
2 passed by the House, as follows:  
3 1. Page 5, by inserting after line 10 the follow-  
4 ing:  
5 "7. Iowa corn growers association.  
6 8. Iowa soybean association."

S-5788

Filed April 5, 1988

*Adopted 4/14 (p. 1500)*

BY JOHN A. PETERSON  
JACK HESTER

HOUSE FILE 2269

S-5973

1 Amend amendment S-5759 to House File 2269, as  
2 passed by the House, as follows:

3 1. Page 2, line 28, by striking the word  
4 "principle" and inserting the following: "principal".

5 2. Page 3, line 16, by striking the word  
6 "principle" and inserting the following: "principal".

7 3. Page 5, by striking line 9.

8 4. Page 5, line 11, by inserting before the word  
9 "The" the following: "The state department of  
10 transportation shall assist the legislative service  
11 bureau in staffing the interim study committee."  
12 5. By renumbering as necessary.

S-5973

Filed April 13, 1988

BY JEAN LLOYD-JONES

*A - Adopted (H. Res. 1555)  
2 - Bill (H. Res. 1555)  
3 - Reported (H. Res. 1555)*

## SENATE AMENDMENT TO HOUSE FILE 2269

H-6532

1 Amend House File 2269, as passed by the House, as  
2 follows:

3 1. By striking everything after the enacting  
4 clause and inserting the following:

5 "Section 1. Section 307B.23, Code 1987, is amended  
6 to read as follows:

7 307B.23 SPECIAL RAILROAD FACILITY FUND.

8 1. There is created in the office of the state  
9 treasurer a "special railroad facility fund". This  
10 fund shall include moneys credited to this fund under  
11 sections 307.29, 435.9, and other funds moneys which  
12 by law may be credited to the special railroad  
13 facility fund. The moneys in the special railroad  
14 facility fund are hereby appropriated to and for the  
15 purposes of the authority as provided in this chapter.  
16 The funds in the special railroad facility fund shall  
17 not be considered as a part of the general fund of the  
18 state, ~~shall~~ are not be subject to appropriation for  
19 any other purpose by the general assembly, and in  
20 determining a general fund balance shall not be  
21 included in the general fund of the state but shall  
22 remain in the special railroad facility fund to be  
23 used for the purposes set forth herein in this  
24 section. The treasurer of state shall act as  
25 custodian of the fund and disburse amounts contained  
26 in it as directed by the authority. The treasurer of  
27 state is authorized to invest the funds deposited in  
28 the special railroad facility fund at the direction of  
29 the authority and subject to any limitations contained  
30 in the bond proceedings. The income from such  
31 investment shall be credited to and deposited in the  
32 special railroad facility fund. This fund shall be  
33 administered by the authority and may be used to  
34 purchase or upgrade railroad right-of-way and trackage  
35 facilities or to purchase general or limited  
36 partnership interests in a partnership formed to  
37 purchase, upgrade, or operate railroad right-of-way  
38 and trackage facilities, to pay or secure obligations  
39 issued by the authority, to pay obligations,  
40 judgments, or debts for which the authority becomes  
41 liable in its capacity as a general partner, or for  
42 any other use authorized under this chapter. The fund  
43 may also be used to purchase or upgrade railroad  
44 right-of-way and trackage facilities for the  
45 development of railroad passenger tourism.

46 2. Any moneys credited to the special railroad  
47 facility fund under section 435.9 shall be deposited  
48 in a separate account within the special railroad  
49 facility fund. The authority may issue obligations  
50 under this chapter which are secured solely by the

H-6532

Page 2

1 moneys to be deposited in that separate account and  
2 the holders or owners of any such obligations shall  
3 have no rights to payment of bond service charges from  
4 any other funds in the special railroad facility fund,  
5 including any moneys accruing to the authority from  
6 the lease, sale or other disposition, or use of  
7 railway facilities, or from payment of the principal  
8 of or interest on loans made, or from any other use of  
9 the proceeds of the sale of the obligations, and no  
10 such moneys may be used for the payment of bond  
11 service charges on any such obligations, except for  
12 accrued interest, capitalized interest, and reserves  
13 funded from proceeds received upon the sale of the  
14 obligations.

15 3. Moneys received from repayment from heartland  
16 rail corporation as provided in 1983 Iowa Acts,  
17 chapter 198, section 32, as amended by 1987 Iowa Acts,  
18 chapter 232, section 28, and section 6 of this Act,  
19 shall be deposited in a separate account within the  
20 special railroad facility fund and shall be used by  
21 the authority only for debt service or rehabilitation  
22 on branch rail lines whose total projected traffic is  
23 at least fifty percent agricultural products.

24 Sec. 2. NEW SECTION. 307B.25 CERTIFICATION FOR  
25 RECEIPT OF USE TAX MONEYS.

26 The authority shall certify to the treasurer of  
27 state amounts of money necessary for payment of  
28 principal and interest by the authority on obligations  
29 issued on or after July 1, 1988, or to make payments  
30 on leases guaranteed by the authority on or after July  
31 1, 1988. However, certification shall only be made  
32 under this section when there are insufficient moneys  
33 available to the authority for the payment from moneys  
34 credited to the special railroad facility fund or  
35 other sources available to the authority.

36 Certification shall only be made under this section  
37 for projects in which the authority has done all of  
38 the following:

39 1. Conducted a feasibility study, prior to  
40 agreeing to assist the project, which demonstrates  
41 that the proposed project has a reasonable potential  
42 to generate adequate revenues to be economically  
43 viable.

44 2. Obtained from participants in the project  
45 pledges to be received by the authority, which in  
46 combination with other moneys available to the  
47 authority, are sufficient to either retire obligations  
48 issued by the authority to assist the project or make  
49 all payments on leases guaranteed by the authority to  
50 assist the project, including a lien against the

H-6532

Page 3

assets of the project and a lien against the assets of each participant in the project to the extent of that participant's pledged obligation.

Sec. 3. NEW SECTION. 307B.25 APPROPRIATION TO AUTHORITY.

Notwithstanding section 423.24 and prior to the application of section 423.24, subsection 1, paragraph "b", there is appropriated to the authority from revenues derived from the operation of section 423.7 the amounts certified by the authority under section 307B.25. However, the total amount credited to the Iowa railway finance authority under this section shall not exceed two million dollars annually. Moneys credited to the Iowa railway finance authority under this section are appropriated only for the payment of principal and interest on obligations or the payment of leases guaranteed by the authority as provided under section 307B.25. Moneys credited to the authority under this section shall be repaid from the general fund to the road use tax fund.

Sec. 4. Section 327H.20, unnumbered paragraph 1, Code Supplement 1987, is amended to read as follows:

The department may enter into agreements with railroad corporations, the United States government, cities, counties, and other persons for carrying out the purposes of this chapter. Agreements entered into between the department and railroad corporations under this section may require a railroad corporation to reimburse all or part of the costs paid from the railroad assistance fund from revenue derived from all railroad cars and traffic using the main line, branch line, switching yard or sidings defined in the agreement. An agreement which does not require the repayment of railroad assistance funds used for rehabilitation projects shall require the railroad corporation to establish and maintain a separate corporation account to which an amount equal to all or part of the costs paid from the railroad assistance fund shall be credited from revenue derived from all railroad cars and traffic using the main line, branch line, switching yard or siding defined in the agreement. ~~However, one-half of the funds credited to the railroad assistance fund shall be expended as nonreimbursable grants for rehabilitation programs.~~ Credits to the corporation account by the railroad corporation may be used for the restoration, conservation, improvement, and construction of the railroad corporation's main line, branch lines, switching yards and sidings within the state. The agreement shall stipulate the terms and conditions

H-5532

Page 4

1 governing the use of credits to the corporation  
2 account as well as a penalty for the use of the  
3 account in a manner other than as provided in the  
4 agreement.

5 Sec. 5. Section 327K.24, unnumbered paragraph 2,  
6 Code Supplement 1987, is amended to read as follows:

7 Notwithstanding section 453.7, subsection 2,  
8 interest and earnings on moneys deposited in the  
9 railroad assistance fund shall be credited to the  
10 railroad assistance fund. Interest and earnings  
11 credited to the railroad assistance fund under this  
12 paragraph shall ~~may~~ be expended as loans or  
13 nonreimbursable grants.

14 Sec. 6. 1983 Iowa Acts, chapter 198, section 32,  
15 unnumbered paragraph 1, as amended by 1987 Iowa Acts,  
16 chapter 232, section 28, is amended to read as  
17 follows:

18 Notwithstanding the ~~provisions of~~ section 423.24,  
19 there is transferred from revenues collected under  
20 chapter 423 during each year of the fiscal period  
21 beginning July 1, 1983 and ending June 30, 1985 from  
22 the use tax imposed on motor vehicles, trailers and  
23 motor vehicle accessories and equipment under section  
24 423.7 the sum of seven million five hundred thousand  
25 (7,500,000) dollars which shall be transferred to the  
26 special railroad facility fund to be used exclusively  
27 for the purposes provided in this section. The Iowa  
28 railway finance authority may enter into a partnership  
29 agreement as allowed under section 307B.7, subsection  
30 7, for the purpose of acquiring the right-of-way of  
31 the Chicago, Rock Island and Pacific railroad. The  
32 funds shall be expended to supplement private  
33 investment capital obtained for that purpose by  
34 matching any private investment capital on an equal  
35 basis. The funds transferred to the special railroad  
36 facility fund under this section shall be considered  
37 an interest-free loan to be repaid to the road use tax  
38 fund from receipts credited to the special railroad  
39 facility fund under section 307B.23 except that moneys  
40 credited for repayment of the loan during the period  
41 beginning July 1, 1987 and ending June 30, ~~1989~~ 1988,  
42 shall be credited to the railroad assistance fund.  
43 The special railroad facility fund shall repay to the  
44 road use tax fund, within thirty years after receipt  
45 of each repayment from heartland rail corporation the  
46 amount of the repayment, but in the interim the Iowa  
47 railway finance authority may lend these moneys for  
48 other rail projects without any other limitations  
49 contained in this section being applicable.

50 Sec. 7. The legislative council may authorize an

E-5532

Page 5

interim study to develop recommendations for the branch line rail assistance program. The membership of the study committee shall consist of three members from the senate and three members from the house of representatives and one member appointed by each of the following:

1. Iowa grain and feed association.
2. Iowa institute of cooperation.
3. Farm bureau.
4. Rail shippers association.
5. Iowa railroad association.
6. Iowa railway finance authority.
7. Iowa corn growers association.
8. Iowa soybean association.

The state department of transportation shall assist the legislative service bureau in staffing the interim study committee. The study committee shall report its findings, including proposed legislation, to the governor and the members of the general assembly by January 1, 1989.

Sec. 8. This Act, being deemed of immediate importance, takes effect upon its enactment."

2. Title page, line 1, by inserting after the word "to" the following: "the operation and funding of rail lines including".

3. Title page, line 2, by inserting after the word "fund" the following: "and an appropriation".

RECEIVED FROM THE SENATE

E-6532 FILED APRIL 16, 1988

CONCURRED (p. 5-138)

NSB 563

TRANSPORTATION

House Study Bill 563

Transportation: Cooper, Chair: Besman and Connolly.

HOUSE FILE

7800  
2269

BY (PROPOSED DEPARTMENT OF  
TRANSPORTATION BILL)

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

**A BILL FOR**

1 An Act relating to funds in the special railroad facility fund  
2 and the rail assistance fund and providing an effective date.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section 327H.20, unnumbered paragraph 1, Code  
2 Supplement 1987, is amended to read as follows:

3 The department may enter into agreements with railroad  
4 corporations, the United States government, cities, counties,  
5 and other persons for carrying out the purposes of this  
6 chapter. Agreements entered into between the department and  
7 railroad corporations under this section may require a  
8 railroad corporation to reimburse all or part of the costs  
9 paid from the railroad assistance fund from revenue derived  
10 from all railroad cars and traffic using the main line, branch  
11 line, switching yard or sidings defined in the agreement. An  
12 agreement which does not require the repayment of railroad  
13 assistance funds used for rehabilitation projects shall  
14 require the railroad corporation to establish and maintain a  
15 separate corporation account to which an amount equal to all  
16 or part of the costs paid from the railroad assistance fund  
17 shall be credited from revenue derived from all railroad cars  
18 and traffic using the main line, branch line, switching yard  
19 or siding defined in the agreement. ~~However, one-half of the~~  
20 ~~funds credited to the railroad assistance fund shall be~~  
21 ~~expended as nonreimbursable grants for rehabilitation~~  
22 ~~programs.~~ Credits to the corporation account by the railroad  
23 corporation may be used for the restoration, conservation,  
24 improvement, and construction of the railroad corporation's  
25 main line, branch lines, switching yards and sidings within  
26 the state. The agreement shall stipulate the terms and  
27 conditions governing the use of credits to the corporation  
28 account as well as a penalty for the use of the account in a  
29 manner other than as provided in the agreement.

30 Sec. 2. 1983 Iowa Acts, chapter 198, section 32, unnum-  
31 bered paragraph 1, as amended by 1987 Iowa Acts, chapter 232,  
32 section 28, is amended to read as follows:

33 Notwithstanding the provisions of section 423.24, there is  
34 transferred from revenues collected under chapter 423 during  
35 each year of the fiscal period beginning July 1, 1983 and

1 ending June 30, 1985 from the use tax imposed on motor  
2 vehicles, trailers and motor vehicle accessories and equipment  
3 under section 423.7 the sum of seven million five hundred  
4 thousand (7,500,000) dollars which shall be transferred to the  
5 special railroad facility fund to be used exclusively for the  
6 purposes provided in this section. The Iowa railway finance  
7 authority may enter into a partnership agreement as allowed  
8 under section 307B.7, subsection 7, for the purpose of  
9 acquiring the right-of-way of the Chicago, Rock Island and  
10 Pacific railroad. The funds shall be expended to supplement  
11 private investment capital obtained for that purpose by  
12 matching any private investment capital on an equal basis.  
13 The funds transferred to the special railroad facility fund  
14 under this section shall be considered an interest-free loan  
15 to be repaid to the road use tax fund from receipts credited  
16 to the special railroad facility fund under section 307B.23  
17 except that moneys credited for repayment of the loan during  
18 the period beginning July 1, 1987 and ending June 30, 1989,  
19 shall be credited to the railroad assistance fund. The rail  
20 assistance fund shall repay all funds credited to it under  
21 this section to the road use tax fund within fifteen years  
22 after receipt of the funds.

23 Sec. 3. This Act, being deemed of immediate importance,  
24 takes effect upon its enactment.

25 EXPLANATION

26 The bill removes the requirement that one-half of the funds  
27 credited to the rail assistance fund be expended as nonreim-  
28 bursable grants. The bill also provides that certain loan  
29 funds credited to the rail assistance fund shall be repaid to  
30 the road use tax fund within fifteen years. The bill takes  
31 effect upon enactment.

32 BACKGROUND STATEMENT

33 SUBMITTED BY THE AGENCY

34 This bill reinstates flexibility in the administration of  
35 the rail assistance program by specifying that assistance may

1 be in the form of loans, grants, or a loan and grant  
2 combination.

3 In 1986, the general assembly directed that half of rail  
4 assistance funds be expended as nonreimbursable grants. Since  
5 there is no ongoing appropriation, the fund will soon be  
6 unable to participate in rail improvements. There is a  
7 temporary source of funding which was put in place by the 1987  
8 General Assembly. That general assembly diverted two years of  
9 the Heartland rail loan repayment and placed that money into  
10 the rail assistance program. (In 1984, the general assembly  
11 approved a \$15 million loan from the road use tax fund for  
12 rail purposes. That money was loaned to Heartland and the  
13 company has been repaying the loan.)

14 COMPANION TO LSB 7339DS 72

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OFFICE OF THE GOVERNOR

STATE CAPITOL  
DES MOINES, IOWA 50319

515 281-5211

TERRY E. BRANSTAD  
GOVERNOR

May 11, 1988

The Honorable Elaine Baxter  
Secretary of State  
State Capitol Building  
L O C A L

Dear Madam Secretary:

I hereby transmit House File 2269, an act relating to the operation and funding of rail lines including funds in the special railroad facility fund and the rail assistance fund and an appropriation and providing an effective date.

House File 2269 is approved with the following exception which I hereby disapprove.

I am unable to approve the item designated in Section 3 of this bill which reads as follows:

Moneys credited to the authority under this section shall be repaid from the general fund to the road use tax fund.

House File 2269 provides funding for needed rail branch line improvements in the state. The bill provides the Iowa Rail Finance Authority with the Heartland Rail Corporation's loan repayments to be used for debt service or rehabilitation of financially feasible rail branch lines in the state. However, since these repayments are not secure, the legislature authorized the Iowa Rail Finance Authority to utilize up to \$2 million of use tax funds per year to pay debt service on rail bonds in the event the Heartland Funds and shipper pledges fall short. This \$2 million security enhancement would, in turn, then be repaid with funds appropriated in this bill from the state's general fund.

The Honorable Elaine Baxter  
May 11, 1988  
Page 2

I support efforts to provide appropriate funding to rehabilitate financially feasible rail branch lines. I believe this is a critical problem facing this state; the availability of good rail service has a significant impact on the ability of our state's products to compete in the world marketplace. Therefore, I have approved portions of this bill which allow the Heartland loan repayments to be secured for rail rehabilitation.

However, the provision to require the eventual use of tax dollars from the general fund raises serious constitutional and financial questions. This requirement could, in fact, obligate the general fund of the state to pay debt on railroad bonds, contradicting the debt prohibition that appropriately exists in our Constitution. Moreover, the state's general fund balance is not sufficient to absorb this additional \$2 million appropriation.

In fact, the Department of Transportation would be well advised to avoid the utilization of the use tax dollars to secure rail bonds unless absolutely necessary. The Heartland loan repayment funds would be better utilized on a grant or a revolving loan fund basis. However, I understand that additional financing tools may be necessary if an immediate rail branch line crisis should occur. Therefore, I have allowed the use tax security enhancement to remain in the bill but I cannot approve the provision that effectively pledges the state of Iowa's general fund to pay that debt service.

It is my understanding that my action should, in fact, enhance the workability of this bill by removing a significant constitutional cloud over the bill. For the future, I believe that the legislature should review other sources of financing for needed rail branch line improvements and purchases. I am deeply concerned about further efforts to rob the Road Fund for this purpose. Such action serves only to reduce our ability to complete our Transportation 2000 commercial highway network. I plan to work with a coalition of shippers, rail lines, and other interested parties this summer and fall to develop appropriate recommendations to the legislature to deal with our emerging rail problems. Significant attention should be given to reviewing ways in which rail user and fuel fees can be utilized as a method of funding.

The Honorable Elaine Baxter  
May 11, 1988  
Page 3

In short, I cannot accept the item in this bill that requires that rail debt service be paid back by the general fund of the state. Obligating the general fund for that purpose could, in fact, be unconstitutional. And, in any event, it is a fiscally imprudent use of those dollars.

For the above reasons, I hereby respectfully disapprove this item in accordance with Amendment IV of the Amendments of the 1968 Constitution of the State of Iowa. All other items in House File 2269 are hereby approved as of this date.

Sincerely,



Terry E. Branstad  
Governor

TEB:cd

cc: Secretary of the Senate  
Chief Clerk of the House



HOUSE FILE 2269

AN ACT

RELATING TO THE OPERATION AND FUNDING OF RAIL LINES INCLUDING FUNDS IN THE SPECIAL RAILROAD FACILITY FUND AND THE RAIL ASSISTANCE FUND AND AN APPROPRIATION AND PROVIDING AN EFFECTIVE DATE.

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

Section 1. Section 307B.23, Code 1987, is amended to read as follows:

307B.23 SPECIAL RAILROAD FACILITY FUND.

1. There is created in the office of the state treasurer a "special railroad facility fund". This fund shall include moneys credited to this fund under sections 307.29, 435.9, and other funds moneys which by law may be credited to the special railroad facility fund. The moneys in the special railroad facility fund are hereby appropriated to and for the purposes of the authority as provided in this chapter. The funds in the special railroad facility fund shall not be considered as

Item veto: Section 3

a part of the general fund of the state, ~~shall~~ are not be subject to appropriation for any other purpose by the general assembly, and in determining a general fund balance shall not be included in the general fund of the state but shall remain in the special railroad facility fund to be used for the purposes set forth herein in this section. The treasurer of state shall act as custodian of the fund and disburse amounts contained in it as directed by the authority. The treasurer of state is authorized to invest the funds deposited in the special railroad facility fund at the direction of the authority and subject to any limitations contained in the bond proceedings. The income from such investment shall be credited to and deposited in the special railroad facility fund. This fund shall be administered by the authority and may be used to purchase or upgrade railroad right-of-way and trackage facilities or to purchase general or limited partnership interests in a partnership formed to purchase, upgrade, or operate railroad right-of-way and trackage facilities, to pay or secure obligations issued by the authority, to pay obligations, judgments, or debts for which the authority becomes liable in its capacity as a general partner, or for any other use authorized under this chapter. The fund may also be used to purchase or upgrade railroad right-of-way and trackage facilities for the development of railroad passenger tourism.

2. Any moneys credited to the special railroad facility fund under section 435.9 shall be deposited in a separate account within the special railroad facility fund. The authority may issue obligations under this chapter which are secured solely by the moneys to be deposited in that separate account and the holders or owners of any such obligations shall have no rights to payment of bond service charges from any other funds in the special railroad facility fund, including any moneys accruing to the authority from the lease, sale or other disposition, or use of railway facilities, or

from payment of the principal of or interest on loans made, or from any other use of the proceeds of the sale of the obligations, and no such moneys may be used for the payment of bond service charges on any such obligations, except for accrued interest, capitalized interest, and reserves funded from proceeds received upon the sale of the obligations.

3. Moneys received from repayment from heartland rail corporation as provided in 1983 Iowa Acts, chapter 198, section 32, as amended by 1987 Iowa Acts, chapter 232, section 28, and section 6 of this Act, shall be deposited in a separate account within the special railroad facility fund and shall be used by the authority only for debt service or rehabilitation on branch rail lines whose total projected traffic is at least fifty percent agricultural products.

Sec. 2. NEW SECTION. 307B.25 CERTIFICATION FOR RECEIPT OF USE TAX MONEYS.

The authority shall certify to the treasurer of state amounts of money necessary for payment of principal and interest by the authority on obligations issued on or after July 1, 1988, or to make payments on leases guaranteed by the authority on or after July 1, 1988. However, certification shall only be made under this section when there are insufficient moneys available to the authority for the payment from moneys credited to the special railroad facility fund or other sources available to the authority.

Certification shall only be made under this section for projects in which the authority has done all of the following:

1. Conducted a feasibility study, prior to agreeing to assist the project, which demonstrates that the proposed project has a reasonable potential to generate adequate revenues to be economically viable.
2. Obtained from participants in the project pledges to be received by the authority, which in combination with other moneys available to the authority, are sufficient to either retire obligations issued by the authority to assist the

project or make all payments on leases guaranteed by the authority to assist the project, including a lien against the assets of the project and a lien against the assets of each participant in the project to the extent of that participant's pledged obligation.

Sec. 3. NEW SECTION. 307B.25 APPROPRIATION TO AUTHORITY.

Notwithstanding section 423.24 and prior to the application of section 423.24, subsection 1, paragraph "b", there is appropriated to the authority from revenues derived from the operation of section 423.7 the amounts certified by the authority under section 307B.25. However, the total amount credited to the Iowa railway finance authority under this section shall not exceed two million dollars annually. Moneys credited to the Iowa railway finance authority under this section are appropriated only for the payment of principal and interest on obligations or the payment of leases guaranteed by the authority as provided under section 307B.25. Moneys credited to the authority under this section shall be repaid from the general fund to the road use tax fund.

Sec. 4. Section 327H.20, unnumbered paragraph 1, Code Supplement 1987, is amended to read as follows:

The department may enter into agreements with railroad corporations, the United States government, cities, counties, and other persons for carrying out the purposes of this chapter. Agreements entered into between the department and railroad corporations under this section may require a railroad corporation to reimburse all or part of the costs paid from the railroad assistance fund from revenue derived from all railroad cars and traffic using the main line, branch line, switching yard or sidings defined in the agreement. An agreement which does not require the repayment of railroad assistance funds used for rehabilitation projects shall require the railroad corporation to establish and maintain a separate corporation account to which an amount equal to all or part of the costs paid from the railroad assistance fund

shall be credited from revenue derived from all railroad cars and traffic using the main line, branch line, switching yard or siding defined in the agreement. ~~However, one-half of the funds credited to the railroad assistance fund shall be expended as nonreimbursable grants for rehabilitation programs.~~ Credits to the corporation account by the railroad corporation may be used for the restoration, conservation, improvement, and construction of the railroad corporation's main line, branch lines, switching yards and sidings within the state. The agreement shall stipulate the terms and conditions governing the use of credits to the corporation account as well as a penalty for the use of the account in a manner other than as provided in the agreement.

Sec. 5. Section 327H.24, unnumbered paragraph 2, Code Supplement 1987, is amended to read as follows:

Notwithstanding section 453.7, subsection 2, interest and earnings on moneys deposited in the railroad assistance fund shall be credited to the railroad assistance fund. Interest and earnings credited to the railroad assistance fund under this paragraph shall may be expended as loans or nonreimbursable grants.

Sec. 6. 1983 Iowa Acts, chapter 198, section 32, unnumbered paragraph 1, as amended by 1987 Iowa Acts, chapter 232, section 28, is amended to read as follows:

Notwithstanding the provisions of section 423.24, there is transferred from revenues collected under chapter 423 during each year of the fiscal period beginning July 1, 1983 and ending June 30, 1985 from the use tax imposed on motor vehicles, trailers and motor vehicle accessories and equipment under section 423.7 the sum of seven million five hundred thousand (7,500,000) dollars which shall be transferred to the special railroad facility fund to be used exclusively for the purposes provided in this section. The Iowa railway finance authority may enter into a partnership agreement as allowed under section 307B.7, subsection 7, for the purpose of

acquiring the right-of-way of the Chicago, Rock Island and Pacific railroad. The funds shall be expended to supplement private investment capital obtained for that purpose by matching any private investment capital on an equal basis. The funds transferred to the special railroad facility fund under this section shall be considered an interest-free loan to be repaid to the road use tax fund from receipts credited to the special railroad facility fund under section 307B.23 except that moneys credited for repayment of the loan during the period beginning July 1, 1987 and ending June 30, 1989 1988, shall be credited to the railroad assistance fund. The special railroad facility fund shall repay to the road use tax fund, within thirty years after receipt of each repayment from heartland rail corporation the amount of the repayment, but in the interim the Iowa railway finance authority may lend these moneys for other rail projects without any other limitations contained in this section being applicable.

Sec. 7. The legislative council may authorize an interim study to develop recommendations for the branch line rail assistance program. The membership of the study committee shall consist of three members from the senate and three members from the house of representatives and one member appointed by each of the following:

1. Iowa grain and feed association.
2. Iowa institute of cooperation.
3. Farm bureau.
4. Rail shippers association.
5. Iowa railroad association.
6. Iowa railway finance authority.
7. Iowa corn growers association.
8. Iowa soybean association.

The state department of transportation shall assist the legislative service bureau in staffing the interim study committee. The study committee shall report its findings, including proposed legislation, to the governor and the members of the general assembly by January 1, 1989.

Sec. 8. This Act, being deemed of immediate importance, takes effect upon its enactment.

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DONALD D. AVENSON  
Speaker of the House

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JO ANN ZIMMERMAN  
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2269, Seventy-second General Assembly.

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JOSEPH O'HERN  
Chief Clerk of the House

*Item Veto*  
Approved \_\_\_\_\_, 1988

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TERRY E. BRANSTAD  
Governor