

MAR 22 1989

Place On Calendar

HOUSE FILE 703  
BY COMMITTEE ON ECONOMIC  
DEVELOPMENT

(SUCCESSOR TO HSB 27)

Passed House, Date 3-28-89 (p.1053) Passed Senate, Date 5/4/89 (P.1925)  
Vote: Ayes 87 Nays 10 Vote: Ayes 41 Nays 8  
Approved Stem Vetoed 6/5/89

A BILL FOR

324 1 An Act relating to the financing for the rural community 2000  
2 program and authorizing the issuance of bonds and notes by the  
3 Iowa finance authority for the program.

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

5  
6  
7

HE

HOUSE FILE 703

H-3578

1 Amend House File 703 as follows:  
2 1. Page 1, line 34, by inserting after the words  
3 "fifty percent" the following: "but less than".

By SPEAR of Lee  
H-3578 FILED MARCH 23, 1989 Accepted 3-28-89 (p.1052)

HOUSE FILE 703

H-3624

1 Amend House File 703 as follows:  
2 1. By striking page 2, line 35 through page 3,  
3 line 18.  
4 2. Page 3, line 19, by striking the words and  
5 figure "and section 220.134".  
6 3. Title page, by striking lines 2 and 3 and  
7 inserting the following: "program".

By BENNETT of Ida  
H-3624 FILED MARCH 27, 1989 1052 3-28-89 (p.1053)

1 Section 1. Section 15.281, Code 1989, is amended to read  
2 as follows:

3 15.281 ~~COMMUNITY-AND-RURAL-DEVELOPMENT-LOAN~~ RURAL  
4 COMMUNITY 2000 PROGRAM.

5 This part shall be known as the "~~Community-and-Rural~~  
6 ~~Development-Loan~~ Rural Community 2000 Program".

7 Sec. 2. Section 15.283, Code 1989, is amended by adding  
8 the following new subsections:

9 NEW SUBSECTION. 5. The department may establish an  
10 interest or principal payment program to pay up to all the  
11 interest or an amount of principal equal to the total interest  
12 amount due on municipal bonds sold by the local community as  
13 authorized by this section. The department may use part or  
14 all of the moneys available for traditional or new  
15 infrastructure assistance for the interest or principal  
16 payment program. The program shall only be available to  
17 communities which demonstrate a substantial local effort to  
18 assist in community development. The department shall develop  
19 rules defining "substantial local effort".

20 NEW SUBSECTION. 6. Notwithstanding subsection 4, for  
21 fiscal years beginning July 1, 1988, and July 1, 1989, all  
22 funds allocated under this program for housing shall be  
23 applied to programs under section 220.100, subsection 2,  
24 paragraphs "b" and "c".

25 Sec. 3. Section 15.286, subsection 3, Code 1989, is  
26 amended to read as follows:

27 3. For purposes of this section:

28 a. "Low income" means an amount ~~less~~ more than one hundred  
29 percent but less than or equal to one hundred fifty percent of  
30 the then current poverty level as published by the federal  
31 department of health and human services in the federal  
32 register.

33 b. "Moderate income" means an amount ~~less~~ more than one  
34 hundred fifty percent or equal to three hundred percent of the  
35 then current poverty level as published by the federal

1 department of health and human services in the federal  
2 register.

3 c. "Very low income" means an amount less than or equal to  
4 one hundred percent of the then current poverty level as  
5 published by the federal department of health and human  
6 services in the federal register.

7 Sec. 4. Section 98.35, Code 1989, is amended to read as  
8 follows:

9 98.35 TAX AND FEES PAID TO GENERAL FUND.

10 The proceeds derived from the sale of stamps and the  
11 payment of taxes, fees, and penalties provided for under this  
12 chapter, and the permit fees received from all permits issued  
13 by the department, shall be credited to the general fund of  
14 the state, except as otherwise provided in this section. All  
15 permit fees provided for in this chapter and collected by  
16 cities in the issuance of permits granted by the cities shall  
17 be paid to the treasurer of the city where the permit is  
18 effective, or to another city officer as designated by the  
19 council, and credited to the general fund of the city. Permit  
20 fees so collected by counties shall be paid to the county  
21 treasurer. Three cents of the first five cents received from  
22 the sale of each stamp and the payment of the tax on each pack  
23 of cigarettes or little cigars, not to exceed four million  
24 dollars in a fiscal year, shall be deposited into the  
25 revolving fund established by the Iowa finance authority under  
26 section 15.287. Deposits under this section to the revolving  
27 fund in section 15.287 shall not be made during a fiscal year  
28 for which an appropriation from other sources to the revolving  
29 fund has been made. However, if the amount of such  
30 appropriations does not equal four million dollars or has to  
31 be reduced below that amount for any reason, deposits under  
32 this section shall be made to the extent that the amount  
33 appropriated, less any reduction, is less than four million  
34 dollars.

35 Sec. 5. NEW SECTION. 220.134 RURAL COMMUNITY 2000 FUND.

1 The authority may exercise all of its powers contained in  
2 this chapter, including but not limited to the power to issue  
3 bonds and notes, to implement and carry out the purposes of  
4 the rural community 2000 fund established pursuant to sections  
5 15.281 through 15.288. The authority shall issue its bonds  
6 and notes for the loan program consistent with the loan  
7 program and shall provide that the bonds and notes shall be  
8 payable solely from moneys in the revolving fund established  
9 pursuant to section 15.287. Funds from the general fund of  
10 the state shall not be used to pay interest or principal on  
11 obligations of the authority in the event that receipts  
12 designated for deposit in the rural community fund are  
13 insufficient. The authority is authorized to use up to two  
14 and one-half percent of the moneys from the sale of the bonds  
15 or notes for the cost of administration of the sale. The  
16 authority shall not issue more than thirty million dollars in  
17 bonds or notes in any one calendar year and not more than a  
18 total dollar amount of one hundred fifty million.

3625-19 Sec. 6. Section 98.35 and section 220.134 shall only be  
20 implemented upon executive order of the governor.

21 EXPLANATION

22 The bill provides that three cents of the first five cents  
23 of the tax received from the cigarette tax on each pack of  
24 cigarettes or little cigars is to be deposited in the  
25 revolving fund created for the rural community 2000 program.  
26 The amount to be deposited in a fiscal year is not to exceed  
27 \$4,000,000. If funds are appropriated from other sources to  
28 the fund and the amount is less than \$4,000,000, then the  
29 amount to be deposited from the cigarette tax is an amount  
30 equal to the excess of \$4,000,000 over the amount appropriated  
31 from the other sources. The bill authorizes the Iowa finance  
32 authority to issue bonds and notes for purposes of the  
33 program. The bill provides that the setting aside of  
34 cigarette taxes for the program and the power to issue bonds  
35 are to be implemented only upon execution order of the

1 governor.

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

29

30

31

32

33

34

35

**HOUSE FILE 703  
FISCAL NOTE**

A fiscal note for **HOUSE FILE 703** is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

House File 703 changes the title of Community Rural Development Loan Program to Rural Community 2000 Program. The bill provides that three cents of the first five cents of the tax received from the cigarette tax on each pack of cigarettes or little cigars is to be deposited in the revolving fund created for the Rural Community 2000 Program. The amount to be deposited in a fiscal year is not to exceed \$4,000,000. If funds are appropriated from other sources to the fund and the amount is less than \$4,000,000, then the amount to be deposited from the cigarette tax is an amount equal to the excess of \$4,000,000 over the amount appropriated from the other sources.

The Bill authorizes the Iowa Finance Authority to issue bonds and notes for purposes of the Program. The Authority shall issue its bonds and notes for the loan program consistent with the loan program and shall provide that the bonds and notes shall be payable solely from moneys in the revolving fund established pursuant to Section 15.288. The Bill also provides that the setting aside of cigarette taxes for the Program and the power to issue bonds are to be implemented only upon execution order of the governor.

**ASSUMPTIONS:**

- Administrative costs will be born out of the appropriation and not loan origination fees. 1989 administrative costs were limited to fees only.

**FISCAL IMPACT:**

	Fiscal Year 1990			Fiscal Year 1991	
	Current	Proposed	Increase	Current	Proposed
	Law	Law	(Decrease)	Law	Law
<b>REVENUE</b>					
Lottery CRDLP	\$4,650,000	\$ 0	\$ 0	\$ 0	\$ 0
Cigarette Tax	0	4,000,000	(650,000)	4,000,000	4,000,000
Total	\$4,650,000	\$4,000,000	\$(650,000)	\$4,000,000	\$4,000,000
<b>EXPENDITURES</b>					
Salaries	\$ 0	\$ 47,000	\$ 47,000	\$ 50,000	\$ 50,000
Support	0	20,000	20,000	21,500	21,500
Loans To Comm	4,650,000	3,933,000	(717,000)	3,928,500	3,928,500
Total	\$4,650,000	\$4,000,000	\$(650,000)	\$4,000,000	\$4,000,000
<b>NET EFFECT</b>			<b>\$(650,000)</b>		

Source: Department of Economic Development

(LSB 4086hv, KNM)

FILED MARCH 29, 1989

BY DENNIS PROUTY, FISCAL DIRECTOR

Gen. Small Bus. & Econ. Dev.  
Amend & DO PASS 4-6-89 (p. 1223)  
per amend. 3573

Gen. Way + Means  
DO PASS per amend. 3910  
4-25-89 (p. 1666)

Gen. Approps  
DO PASS 5-3-89 (p. 1894)  
per amend. 4099

HOUSE FILE 703  
BY COMMITTEE ON ECONOMIC  
DEVELOPMENT

(SUCCESSOR TO HSB 27)

(As Amended and Passed by the House March 28, 1989)

Re Passed House, Date 5-5-89 (p. 2508) Passed Senate, Date 5-4-89 (p. 1925)  
Vote: Ayes 96 Nays 0 Vote: Ayes 41 Nays 8  
Approved Sten Vetoed 6/5/89

Repassed Senate 5-5-89 (p. 1988)  
Ayes 48 Nays 0

A BILL FOR

3910-1 An Act relating to the financing for the rural community 2000  
2 program and authorizing the issuance of bonds and notes by the  
3 Iowa finance authority for the program.

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

- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20

House Amendments \_\_\_\_\_

1 Section 1. Section 15.281, Code 1989, is amended to read  
2 as follows:

3 15.281 ~~COMMUNITY-AND-RURAL-DEVELOPMENT-LOAN~~ RURAL  
4 COMMUNITY 2000 PROGRAM.

5 This part shall be known as the "~~Community-and-Rural~~  
6 ~~Development-Loan~~ Rural Community 2000 Program".

7 Sec. 2. Section 15.283, Code 1989, is amended by adding  
8 the following new subsections:

9 NEW SUBSECTION. 5. The department may establish an  
10 interest or principal payment program to pay up to all the  
11 interest or an amount of principal equal to the total interest  
12 amount due on municipal bonds sold by the local community as  
13 authorized by this section. The department may use part or  
14 all of the moneys available for traditional or new  
15 infrastructure assistance for the interest or principal  
3573 16 payment program. The program shall only be available to  
17 communities which demonstrate a substantial local effort to  
18 assist in community development. The department shall develop  
19 rules defining "substantial local effort".

3573 20 NEW SUBSECTION. 6. Notwithstanding subsection 4, for  
21 fiscal years beginning July 1, 1988, and July 1, 1989, all  
22 funds allocated under this program for housing shall be  
23 applied to programs under section 220.100, subsection 2,  
24 paragraphs "b" and "c".

3573 >  
3573 25 Sec. 3. Section 15.286, subsection 3, Code 1989, is  
26 amended to read as follows:

27 3. For purposes of this section:

28 a. "Low income" means an amount ~~less~~ more than one hundred  
29 percent but less than or equal to one hundred fifty percent of  
30 the then current poverty level as published by the federal  
31 department of health and human services in the federal  
32 register.

33 b. "Moderate income" means an amount ~~less~~ more than one  
34 hundred fifty percent but less than or equal to three hundred  
35 percent of the then current poverty level as published by the



1 federal department of health and human services in the federal  
2 register.

3 c. "Very low income" means an amount less than or equal to  
4 one hundred percent of the then current poverty level as  
5 published by the federal department of health and human  
6 services in the federal register.

35737  
3410-7

7 Sec. 4. Section 98.35, Code 1989, is amended to read as  
8 follows:

9 98.35 TAX AND FEES PAID TO GENERAL FUND.

10 The proceeds derived from the sale of stamps and the  
11 payment of taxes, fees, and penalties provided for under this  
12 chapter, and the permit fees received from all permits issued  
13 by the department, shall be credited to the general fund of  
14 the state, except as otherwise provided in this section. All  
15 permit fees provided for in this chapter and collected by  
16 cities in the issuance of permits granted by the cities shall  
17 be paid to the treasurer of the city where the permit is  
18 effective, or to another city officer as designated by the  
19 council, and credited to the general fund of the city. Permit  
20 fees so collected by counties shall be paid to the county  
21 treasurer. Three cents of the first five cents received from  
22 the sale of each stamp and the payment of the tax on each pack  
23 of cigarettes or little cigars, not to exceed four million  
24 dollars in a fiscal year, shall be deposited into the  
25 revolving fund established by the Iowa finance authority under  
26 section 15.287. Deposits under this section to the revolving  
27 fund in section 15.287 shall not be made during a fiscal year  
28 for which an appropriation from other sources to the revolving  
29 fund has been made. However, if the amount of such  
30 appropriations does not equal four million dollars or has to  
31 be reduced below that amount for any reason, deposits under  
32 this section shall be made to the extent that the amount  
33 appropriated, less any reduction, is less than four million  
34 dollars.

35 Sec. 5. NEW SECTION. 220.134 RURAL COMMUNITY 2000 FUND.

1 The authority may exercise all of its powers contained in  
2 this chapter, including but not limited to the power to issue  
3 bonds and notes, to implement and carry out the purposes of  
4 the rural community 2000 fund established pursuant to sections  
5 15.281 through 15.288. The authority shall issue its bonds  
6 and notes for the loan program consistent with the loan  
7 program and shall provide that the bonds and notes shall be  
8 payable solely from moneys in the revolving fund established  
9 pursuant to section 15.287. Funds from the general fund of  
10 the state shall not be used to pay interest or principal on  
11 obligations of the authority in the event that receipts  
12 designated for deposit in the rural community fund are  
13 insufficient. The authority is authorized to use up to two  
14 and one-half percent of the moneys from the sale of the bonds  
15 or notes for the cost of administration of the sale. The  
16 authority shall not issue more than thirty million dollars in  
17 bonds or notes in any one calendar year and not more than a  
18 total dollar amount of one hundred fifty million.

3513

19 Sec. 6. Section 98.35 and section 220.134 shall only be  
20 implemented upon executive order of the governor.

21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35

## HOUSE FILE 703

S-3573

- 1 Amend House File 703, as amended, passed, and  
2 reprinted by the House, as follows:
- 3 1. Page 1, line 16, by inserting after the words  
4 "payment program." the following: "The department may  
5 use all or a portion of the funds available for  
6 traditional or new infrastructure to provide loan loss  
7 reserves or to pay issuance costs or other costs  
8 associated with municipal bonds sold by the local  
9 community."
- 10 2. Page 1, line 20, by inserting after the word  
11 "for" the following: "the".
- 12 3. Page 1, line 21, by striking the word "years"  
13 and inserting the following: "year".
- 14 4. Page 1, line 21, by striking the words and  
15 figures "July 1, 1988, and".
- 16 5. Page 1, by inserting before line 25 the  
17 following:  
18 "Sec. \_\_\_\_\_. Section 15.286, subsection 2, Code  
19 1989, is amended to read as follows:  
20 2. Applicants must be seeking funds to assist in  
21 meeting the area needs of ~~low~~ lower and ~~moderate~~ very  
22 low income families in pursuit of decent housing or in  
23 meeting the purposes of the housing trust fund program  
24 as described in section 220.100, subsection 2."
- 25 6. By striking page 1, line 25, through page 2,  
26 line 6, and inserting the following:  
27 "Sec. \_\_\_\_\_. Section 15.286, subsection 3, Code  
28 1989, is amended by striking the subsection and  
29 inserting in lieu thereof the following:  
30 3. For purposes of this section:  
31 a. "Lower income families" means lower income  
32 families as defined in section 220.1, subsection 3.  
33 b. "Very low income families" means very low  
34 income families as defined in section 220.1, subsec-  
35 tion 4."
- 36 7. Page 2, by inserting before line 7 the  
37 following:  
38 "Sec. \_\_\_\_\_. Section 15.286, subsection 4, paragraph  
39 b, subparagraph (3), Code 1989, is amended to read as  
40 follows:  
41 (3) Programs to assist ~~low~~ lower income, and the  
42 disadvantaged, or the disabled."
- 43 8. Page 2, by inserting before line 7 the  
44 following:  
45 "Sec. \_\_\_\_\_. Section 15.286, subsection 4, paragraph  
46 b, Code 1989, is amended by adding the following new  
47 subparagraph:  
48 NEW SUBPARAGRAPH. (6) A project involving a  
49 community development corporation or financial insti-  
50 tution participating in a federal or state community

S-3573

Page 2

1 reinvestment program."

2 9. Page 2, by inserting before line 7 the  
3 following:

4 "Sec. \_\_\_\_\_. Section 15.286, Code 1989, is amended  
5 by adding the following new subsection:

6 NEW SUBSECTION. 6. A housing project which re-  
7 ceives funds under the rural community 2000 program,  
8 for the portion of the project receiving funding under  
9 the rural community 2000 program shall provide, as  
10 nearly as practical, that twenty-five percent of the  
11 housing units, as nearly as practical, be available  
12 for very low income families and seventy-five percent  
13 of the housing units be available for lower income  
14 families."

15 10. Page 2, by inserting before line 7, the  
16 following:

17 "Sec. \_\_\_\_\_. Section 15.288, Code 1989, is amended  
18 to read as follows:

19 15.288 LOCAL BONDS NOT REQUIRED -- INDEBTEDNESS  
20 LIMITATIONS.

21 A city, county, political subdivision, or other  
22 municipal corporation shall not be required to issue  
23 its bonds to secure loans under the ~~community-and~~  
24 ~~rural-development-loan~~ rural community 2000 program.  
25 It is the intent of the general assembly that loans  
26 received by a city, county, political subdivision, or  
27 other municipal corporation under the loan program  
28 shall not constitute an indebtedness of that entity  
29 within the meaning of any state constitutional  
30 provision or statutory limitation. A city, county,  
31 political subdivision, or other municipal corporation,  
32 which issues bonds, may repay a loan received through  
33 a state funded program by a tax levied for a debt  
34 service fund under sections 331.430, subsection 2, and  
35 384.4, subsection 2."

36 11. Page 3, by inserting before line 19 the  
37 following:

38 "Sec. \_\_\_\_\_. Section 331.430, subsection 2,  
39 paragraph b, Code 1989, is amended to read as follows:

40 b. Interest as it becomes due and the amount  
41 necessary to pay, or to create a sinking fund to pay,  
42 the principal at maturity of all general obligation  
43 bonds issued by the county or to create a sinking fund  
44 to pay amounts due on loans received through the  
45 community and rural development loan program or the  
46 rural community 2000 program."

47 12. Page 3, by inserting before line 19, the  
48 following:

49 "Sec. \_\_\_\_\_. Section 384.4, subsection 2, Code 1989,  
50 is amended to read as follows:

S-3573

Page 3

1 2. Interest as it becomes due and the amount  
 2 necessary to pay, or to create a sinking fund to pay,  
 3 the principal at maturity of all general obligation  
 4 bonds issued by the city, ~~or~~ to pay, or to create a  
 5 sinking fund to pay, amounts as due on loans received  
 3831-6 through the Iowa community development loan program,  
 7 or to create a sinking fund to pay amounts due on  
 8 loans received through the community and rural  
 9 development loan program or the rural community 2000  
 10 program."  
 11 13. Renumber as necessary.

By COMMITTEE ON SMALL BUSINESS  
 AND ECONOMIC DEVELOPMENT  
 LEONARD L. BOSWELL, Chairperson

S-3573 FILED APRIL 6, 1989

*adopted 5-4-89 (p.1924)*

HOUSE FILE 703

S-3831

- 1 Amend amendment, S-3573, to House File 703, as
- 2 amended, passed, and reprinted by the House, as
- 3 follows:
- 4 1. Page 2, line 32, by striking the words "which
- 5 issues bonds,".
- 6 2. Page 2, line 43, by inserting after the word
- 7 "county" the following: "to pay".
- 8 3. Page 3, line 6, by inserting after the word
- 9 "program," the following: "to pay".

By ALVIN MILLER

S-3831 FILED APRIL 19, 1989

*Adopted 5-4-89 (p.1924)*

HOUSE FILE 703

S-3910

- 1 Amend House File 703, as amended, passed, and
- 2 reprinted by the House, as follows:
- 3 1. By striking page 2, line 7 through page 3,
- 4 line 20 and inserting the following:
- 5 "Sec. \_\_\_\_ . There is appropriated from the general
- 6 fund of the state to the revolving fund created in
- 7 section 15.287 for the fiscal year beginning July 1,
- 8 1989, and ending June 30, 1990, the following amount:
- 9 ..... \$ 4,000,000".
- 10 2. Title page, by striking lines 1 through 3 and
- 11 inserting the following:
- 12 "An Act relating to the rural community 2000
- 13 program and making an appropriation."
- 14 3. By renumbering as necessary.

By COMMITTEE ON WAYS AND MEANS  
WILLIAM W. DIELEMAN, Chairperson

S-3910 FILED APRIL 25, 1989

*Out of Order 5-4-89 (p.1924)*

HOUSE FILE 703

S-4099

- 1 Amend the amendment, S-3910, to House File 703 as
- 2 amended, passed and reprinted by the House as follows:
- 3 1. Page 1, by striking lines 4 through 9 and
- 4 inserting the following: "line 20."
- 5 2. Page 1, by striking line 13, and inserting the
- 6 following: "program."

By COMMITTEE ON APPROPRIATIONS  
JOE WELSH, Chairperson

S-4099 FILED MAY 3, 1989

*Out of Order 5-4-89 (p.1924)*

SENATE AMENDMENT TO HOUSE FILE 703

H-4436

1 Amend House File 703, as amended, passed, and  
2 reprinted by the House, as follows:

3 1. Page 1, line 16, by inserting after the words  
4 "payment program." the following: "The department may  
5 use all or a portion of the funds available for  
6 traditional or new infrastructure to provide loan loss  
7 reserves or to pay issuance costs or other costs  
8 associated with municipal bonds sold by the local  
9 community."

10 2. Page 1, line 20, by inserting after the word  
11 "for" the following: "the".

12 3. Page 1, line 21, by striking the word "years"  
13 and inserting the following: "year".

14 4. Page 1, line 21, by striking the words and  
15 figures "July 1, 1988, and".

16 5. Page 1, by inserting before line 25 the  
17 following:

18 "Sec. \_\_\_\_ . Section 15.286, subsection 2, Code  
19 1989, is amended to read as follows:

20 2. Applicants must be seeking funds to assist in  
21 meeting the area needs of ~~low~~ lower and moderate very  
22 low income families in pursuit of decent housing or in  
23 meeting the purposes of the housing trust fund program  
24 as described in section 220.100, subsection 2."

25 6. By striking page 1, line 25, through page 2,  
26 line 6, and inserting the following:

27 "Sec. \_\_\_\_ . Section 15.286, subsection 3, Code  
28 1989, is amended by striking the subsection and  
29 inserting in lieu thereof the following:

30 3. For purposes of this section:

31 a. "Lower income families" means lower income  
32 families as defined in section 220.1, subsection 3.

33 b. "Very low income families" means very low  
34 income families as defined in section 220.1, subsec-  
35 tion 4."

36 7. Page 2, by inserting before line 7 the  
37 following:

38 "Sec. \_\_\_\_ . Section 15.286, subsection 4, paragraph  
39 b, subparagraph (3), Code 1989, is amended to read as  
40 follows:

41 (3) Programs to assist ~~low~~ lower income, and the  
42 disadvantaged, or the disabled."

43 8. Page 2, by inserting before line 7 the  
44 following:

45 "Sec. \_\_\_\_ . Section 15.286, subsection 4, paragraph  
46 b, Code 1989, is amended by adding the following new  
47 subparagraph:

48 NEW SUBPARAGRAPH. (6) A project involving a  
49 community development corporation or financial insti-  
50 tution participating in a federal or state community

H-4436

Page 2

1 reinvestment program."

4452 2 9. Page 2, by inserting before line 7 the  
3 following:

4 "Sec. \_\_\_\_\_. Section 15.286, Code 1989, is amended  
5 by adding the following new subsection:

6 NEW SUBSECTION. 6. A housing project which re-  
7 ceives funds under the rural community 2000 program,  
8 for the portion of the project receiving funding under  
9 the rural community 2000 program shall provide, as  
10 nearly as practical, that twenty-five percent of the  
11 housing units, as nearly as practical, be available  
12 for very low income families and seventy-five percent  
13 of the housing units be available for lower income  
14 families."

4452 15 10. Page 2, by inserting before line 7, the  
16 following:

17 "Sec. \_\_\_\_\_. Section 15.288, Code 1989, is amended  
18 to read as follows:

19 15.288 LOCAL BONDS NOT REQUIRED -- INDEBTEDNESS  
20 LIMITATIONS.

4452 21 A city, county, political subdivision, or other  
22 municipal corporation shall not be required to issue  
23 its bonds to secure loans under the ~~community-and~~  
24 ~~rural-development-loan~~ rural community 2000 program.  
25 It is the intent of the general assembly that loans  
26 received by a city, county, political subdivision, or  
27 other municipal corporation under the loan program  
28 shall not constitute an indebtedness of that entity  
29 within the meaning of any state constitutional  
30 provision or statutory limitation. A city, county,  
31 political subdivision, or other municipal corporation,  
32 may repay a loan received through a state funded  
33 program by a tax levied for a debt service fund under  
34 sections 331.430, subsection 2, and 384.4, subsection  
35 2."

4452 36 11. Page 3, by inserting before line 19 the  
37 following:

38 "Sec. \_\_\_\_\_. Section 331.430, subsection 2,  
39 paragraph b, Code 1989, is amended to read as follows:

40 b. Interest as it becomes due and the amount  
41 necessary to pay, or to create a sinking fund to pay,  
42 the principal at maturity of all general obligation  
43 bonds issued by the county to pay or to create a  
44 sinking fund to pay amounts due on loans received  
45 through the community and rural development loan  
46 program or the rural community 2000 program."

47 12. Page 3, by inserting before line 19, the  
48 following:

49 "Sec. \_\_\_\_\_. Section 384.4, subsection 2, Code 1989,  
50 is amended to read as follows:



H-4436

Page 3

1 2. Interest as it becomes due and the amount  
 2 necessary to pay, or to create a sinking fund to pay,  
 3 the principal at maturity of all general obligation  
 4 bonds issued by the city, or to pay, or to create a  
 5 sinking fund to pay, amounts as due on loans received  
 6 through the Iowa community development loan program,  
 7 to pay or to create a sinking fund to pay amounts due  
 8 on loans received through the community and rural  
 9 development loan program or the rural community 2000  
 10 program."

11 13. Renumber as necessary.

RECEIVED FROM THE SENATE

H-4436 FILED MAY 4, 1989

*Concurred 5-5-89 (p. 2508)*

HOUSE FILE 703

H-4452

1 Amend the amendment, H-4436, to House File 703, as  
2 amended, passed, and reprinted by the House, as  
3 follows:

4 1. Page 1, by inserting after line 2, the  
5 following:

6 "\_\_\_\_. Page 1, by inserting before line 7, the  
7 following:

8 "Sec. \_\_\_\_\_. Section 15.282, Code 1989, is amended  
9 to read as follows:

10 15.282 PURPOSE.

11 The purpose of this part is to assist communities  
12 and rural areas of the state with their development  
13 and governmental responsibilities by providing low-  
14 interest and no-interest loans or grants for  
15 traditional infrastructure, new infrastructure, and  
16 housing."

17 2. Page 1, by striking lines 3 through 9.

18 3. Page 1, by inserting before line 16, the  
19 following:

20 "\_\_\_\_. Page 1, by inserting before line 25, the  
21 following:

22 "Sec. \_\_\_\_\_. Section 15.284, subsection 2,  
23 unnumbered paragraph 1, Code 1989, is amended to read  
24 as follows:

25 Any Iowa city or county is eligible to apply for  
26 loans or grants from this category. Along with the  
27 application, the city or county shall submit the  
28 following:

29 Sec. \_\_\_\_\_. Section 15.284, subsection 5, Code 1989,  
30 is amended to read as follows:

31 5. The interest rate ~~shall~~ for a loan, if  
32 assessed, may range from zero to five percent. The  
33 department may charge applicants an administration  
34 fee, not to exceed one percent of the principal amount  
35 of the loan or grant, to be paid as a lump sum percent  
36 ~~or a percent of the interest rate.~~

37 Sec. \_\_\_\_\_. Section 15.285, subsection 2, Code 1989,  
38 is amended to read as follows:

39 2. Any political subdivision, or nonprofit  
40 development corporation, is eligible to apply for  
41 loans or grants under this category.

42 Sec. \_\_\_\_\_. Section 15.285, subsection 5, Code 1989,  
43 is amended to read as follows:

44 5. The interest rate ~~shall~~ for a loan, if  
45 assessed, may range from zero to five percent. The  
46 department may charge applicants an administration  
47 fee, not to exceed one percent of the principal amount  
48 of the loan or grant, to be paid as a lump sum percent  
49 or a percent of the interest rate.

50 Sec. \_\_\_\_\_. Section 15.285, Code 1989, is amended by

H-4452

Page 2

1 adding the following new subsection:

2 NEW SUBSECTION. 6. The new infrastructure  
3 category shall include new infrastructure systems or  
4 networks of the state of Iowa, its agencies or  
5 instrumentalities which the governor, by executive  
6 order, finds and determines will provide local  
7 communities with the benefits of new infrastructure.  
8 Proceeds of bonds issued to fund costs of state new  
9 infrastructure shall not be considered moneys  
10 available under the program for purposes of the  
11 allocation under subsection (4) of section 15.283.  
12 Subsections (2), (3), and (5) of this section are not  
13 applicable to state new infrastructure.

14 Sec. \_\_\_\_\_. Section 15.286, subsection 1, unnumbered  
15 paragraph 1, Code 1989, is amended to read as follows:

16 Any Iowa city, county, housing agency, or developer  
17 shall be eligible to apply for loans or grants under  
18 this category. Along with the application the person  
19 shall submit the following:"

20 4. Page 1, by striking lines 18 through 24 and  
21 inserting the following:

22 "Sec. \_\_\_\_\_. Section 15.286, subsection 2, as  
23 amended by 1989 Iowa Acts, Senate File 112, section 8,  
24 is amended to read as follows:

25 2. Applicants must be seeking funds to assist in  
26 meeting the area needs of ~~low lower~~ and ~~moderate~~ very  
27 low income persons families in pursuit of decent  
28 housing or in meeting the purposes of the housing  
29 trust fund program as described in section 220.100,  
30 subsection 2."

31 5. Page 1, by striking lines 38 through 42 and  
32 inserting the following:

33 "Sec. \_\_\_\_\_. Section 15.286, subsection 4, paragraph  
34 b, subparagraph (3), as amended by 1989 Iowa Acts,  
35 Senate File 112, section 9, is amended to read as  
36 follows:

37 (3) A-program Programs to assist ~~low-income~~  
38 ~~persons-and lower income,~~ the disadvantaged, or the  
39 disabled."

40 6. Page 2, by inserting before line 2, the  
41 following:

42 "\_\_\_\_\_. Page 2, by inserting before line 7, the  
43 following:

44 "Sec. \_\_\_\_\_. Section 15.286, subsection 5, Code  
45 1989, is amended to read as follows:

46 5. Interest charged to applicants ~~shall~~ for a  
47 loan, may range from zero to five percent. The Iowa  
48 finance authority may charge applicants an  
49 administration fee, not to exceed one percent of the  
50 principal amount of the loan or grant, to be paid as a

1 lump sum percent, ~~or a percent of the interest rate.~~"

2 7. Page 2, by inserting before line 15, the  
3 following:

4 "\_\_\_\_. Page 2, by inserting before line 7, the  
5 following:

6 "Sec. \_\_\_\_ . Section 15.287, Code 1989, is amended  
7 to read as follows:

8 15.287 REVOLVING FUND.

9 The Iowa finance authority shall establish a  
10 revolving fund for the program and shall transfer to  
11 the department moneys to be administered by the  
12 department. The moneys in the revolving fund are  
13 appropriated for purposes of the program.  
14 Notwithstanding section 8.33, moneys in the fund at  
15 the end of a fiscal year shall not revert to any other  
16 fund but shall remain in the revolving fund. The fund  
17 shall consist of all appropriations, grants, or gifts  
18 received by the authority or the department  
19 specifically for use under this part; revenues  
20 designated in section 98.35\* to be deposited in the  
21 fund; and all repayments of loans or grants made under  
22 this part."

23 8. Page 2, line 23, by inserting after the word  
24 "loans" the following: "or grants".

25 9. Page 2, line 25, by inserting after the word  
26 "loans" the following: "or grants".

27 10. Page 2, line 27, by striking the word "loan"  
28 and inserting the following: "loan".

29 11. Page 2, by inserting after line 35, the  
30 following:

31 "\_\_\_\_. By striking page 2, line 35 through page 3,  
32 line 18, and inserting the following:

33 "Sec. \_\_\_\_ . NEW SECTION. 220.134 RURAL COMMUNITY  
34 2000 FINANCING PROGRAM -- DEFINITIONS FUNDING -- BONDS  
35 AND NOTES.

36 1. The authority shall cooperate with the  
37 department of economic development in the creation,  
38 administration, and financing of the rural community  
39 2000 financing program established in sections 15.281  
40 through 15.287.

41 2. Terms used in this part have the meanings given  
42 them in sections 15.281 through 15.287 unless the  
43 context requires otherwise.

44 3. The authority may issue its bonds and notes for  
45 the purpose of funding the revolving fund created  
46 under section 15.287 and for the purpose of refunding  
47 any of its bond or notes issued for purposes under  
48 this section.

49 4. The authority may enter into one or more  
50 lending agreements or purchase agreements with one or

H-4452

Page 4

1 more bondholders or noteholders containing the terms  
2 and conditions of the repayment of and the security  
3 for the bonds or notes. The authority and the  
4 bondholders or noteholders or a trustee agent  
5 designated by the authority may enter into agreements  
6 to provide for any of the following:

7 a. That the proceeds of the bonds and notes and  
8 the investments of the proceeds may be received, held,  
9 and disbursed by the authority or by a trustee or  
10 agent designated by the authority.

11 b. That the bondholders or noteholders or a  
12 trustee or agent designated by the authority may  
13 collect, invest, and apply the amount payable under  
14 the loan agreements or any other instruments securing  
15 the debt obligations under the loan agreements.

16 c. That the bondholders or noteholders may enforce  
17 the remedies provided in the loan agreements or other  
18 instruments on their own behalf without the  
19 appointment or designation of a trustee. If there is  
20 a default in the principal of or interest on the bonds  
21 or notes or in the performance of any agreement  
22 contained in the loan agreements or other instruments,  
23 the payment or performance may be enforced in  
24 accordance with the loan agreement or other  
25 instrument.

26 d. Other terms and conditions as deemed necessary  
27 or appropriate by the authority.

28 5. The powers granted the authority under this  
29 section are in addition to other powers contained in  
30 this chapter. All other provisions of this chapter,  
31 except section 220.28, subsection 4, apply to bonds or  
32 notes issued and powers granted to the authority under  
33 this section, except to the extent they are  
34 inconsistent with this section.

35 Sec. \_\_\_\_ . NEW SECTION. 220.135 SECURITY --  
36 RESERVE FUNDS -- PLEDGES -- NONLIABILITY -- IRREVOCABLE  
37 CONTRACTS.

38 1. The authority shall provide in the resolution,  
39 trust agreement, or other instrument authorizing the  
40 issuance of its bonds or notes pursuant to section  
41 220.134 that the principal of, premium, and interest  
42 on the bonds or notes are payable solely out of the  
43 pledged receipts as designated in the resolution,  
44 trust agreement, or other instrument authorizing the  
45 issuance of the bonds. Except for those tax revenues  
46 deposited in the revolving loan fund created under  
47 section 15.287, the state shall not appropriate tax  
48 revenues, directly or indirectly, to the authority for  
49 the payment of its bonds, notes, or obligations issued  
50 under section 220.134.

1 For purposes of this section, unless the context  
2 otherwise requires: "pledged receipt" means the  
3 revenues and receipts received or to be received by  
4 the authority from grants, gifts, or payments on  
5 guarantees made to the authority by any person, from  
6 accrued interest received from the sale of  
7 obligations, from income from the investment of  
8 special funds of the authority, including the  
9 revolving fund established under section 15.287, from  
10 the revenues and receipts deposited in the revolving  
11 fund established under section 15.287, and from any  
12 other moneys which are available for the payment of  
13 principal, premium, if any, or interest on the bonds,  
14 notes, or other obligation issued under section  
15 220.134.

16 2. The authority may establish reserve funds to  
17 secure one or more issues of its bonds or notes. The  
18 authority may deposit in a reserve fund established  
19 under this subsection proceeds of the sale of its  
20 bonds or notes and other money which is made available  
21 from any other source.

22 3. It is the intention of the general assembly  
23 that a pledge made in respect of bonds or notes shall  
24 be valid and binding from the time the pledge is made,  
25 that the money or property so pledged and received  
26 after the pledge by the authority shall immediately be  
27 subject to the lien of the pledge without physical  
28 delivery or further act, and that the lien of the  
29 pledge shall be valid and binding as against all  
30 parties having claims of any kind in tort, contract,  
31 or otherwise against the authority, whether or not the  
32 parties have notice of the lien. The resolution,  
33 trust agreement, or any other instrument by which a  
34 pledge is created does not need to be recorded or  
35 filed under the uniform commercial code, chapter 554,  
36 to be valid, binding, or effective against the  
37 parties.

38 4. Neither the members of the authority nor  
39 persons executing the bonds or notes are liable  
40 personally on the bonds or notes or are subject to  
41 personal liability or accountability by reason of the  
42 issuance of the bonds or notes.

43 5. The bonds or notes issued by the authority are  
44 not an indebtedness or other liability of the state or  
45 of a political subdivision of the state within the  
46 meaning of any constitutional or statutory debt  
47 limitations but are special obligations of the  
48 authority, and are payable solely out of pledged  
49 receipts to the extent that the pledged receipts are  
50 designated in the resolution, trust agreement, or

H-4452

Page 6

1 other instrument of the authority authorizing the  
2 issuance of the bonds or notes as being available as  
3 security for such bonds or notes. The authority shall  
4 not pledge the faith or credit of the state or of a  
5 political subdivision of the state to the payment of  
6 any bonds or notes. The issuance of any bonds or  
7 notes by the authority does not directly, indirectly,  
8 or contingently obligate the state or a political  
9 subdivision of the state to apply moneys from, or to  
10 levy or pledge any form of taxation whatever, to the  
11 payment of the bonds or notes.

12 6. The state pledges to and agrees with the  
13 holders of bonds or notes issued under the rural  
14 community 2000 financing program, that the state will  
15 not limit or alter the rights and powers vested in the  
16 authority to fulfill the terms of a contract made by  
17 the authority with respect to the bonds or notes, or  
18 in any way impair the rights and remedies of the  
19 holders until the bonds or notes, together with the  
20 interest on the bonds or notes, including interest on  
21 unpaid installments of interest, and all costs and  
22 expenses in connection with an action or proceeding by  
23 or on behalf of the holders, are fully met and  
24 discharged. The authority is authorized to include  
25 this pledge and agreement of the state, as it refers  
26 to holders of bonds or notes of the authority, in a  
27 contract with the holders.

28 7. The authority is authorized to use up to two  
29 and one-half percent of the moneys appropriated under  
30 section 98.35 to advance the costs of issuance of such  
31 bonds and notes and for administration of the rural  
32 community 2000 financing program.

33 8. The authority shall not issue more than thirty  
34 million dollars in bonds or notes in any one fiscal  
35 year and not more than a total dollar amount of one  
36 hundred fifty million shall be outstanding at any  
37 time. Bonds issued to fund new infrastructure of the  
38 state shall not exceed one-third of the maximum and  
39 shall not be limited as to the amount which may be  
40 issued in any one fiscal year.

41 Sec. \_\_\_\_ . NEW SECTION. 220.136 ADOPTION OF  
42 RULES.

43 The authority shall adopt rules pursuant to chapter  
44 17A to implement sections 220.134 and 220.135. The  
45 rules shall provide for additional objective criteria  
46 for the ranking of applications for grants. Not less  
47 than fifty percent weight shall be given to financial  
48 need, giving appropriate allowance to such factors as  
49 legal and economic capacity to incur debt, local tax  
50 levels, local effort, costs of vital services

H-4452

Page 7

1 including sewer and water, unmet needs for basic  
 2 services, per capita income, and the extent to which a  
 3 project is calculated to improve the conditions which  
 4 result in greater financial need. No grant shall be  
 5 for less than ten percent or more than thirty percent  
 6 of the reasonable cost of a project. The rules shall  
 7 not impose restrictions on local costs in addition to  
 8 chapter 384, division VI."

9 12. By striking page 2, line 36 through page 3,  
 10 line 10.

11 13. By renumbering as necessary.

By SWARTZ of Marshall

H-4452 FILED MAY 4, 1989

*adopted 5-5-89 (p. 2508)*

## HOUSE FILE 703

H-4451

1 Amend Senate amendment, H-4436, to House File 703,  
 2 as amended, passed, and reprinted by the House, as  
 3 follows:

4 1. Page 1, by striking lines 18 through 24 and  
 5 inserting the following:

6 "Sec. \_\_\_\_ . Section 15.286, subsection 2, as  
 7 amended by 1989 Iowa Acts, Senate File 112, section 8,  
 8 is amended to read as follows:

9 2. Applicants must be seeking funds to assist in  
 10 meeting the area needs of low lower and moderate very  
 11 low income persons families in pursuit of decent  
 12 housing or in meeting the purposes of the housing  
 13 trust fund program as described in section 220.100,  
 14 subsection 2."

15 2. Page 1, by striking lines 38 through 42 and  
 16 inserting the following:

17 "Sec. \_\_\_\_ . Section 15.286, subsection 4, paragraph  
 18 b, subparagraph (3), as amended by 1989 Iowa Acts,  
 19 Senate File 112, section 9, is amended to read as  
 20 follows:

21 (3) A-program Programs to assist low-income  
 22 persons-and lower income, the disadvantaged, or the  
 23 disabled."

By SWARTZ of Marshall

H-4451 FILED MAY 4, 1989

*Out of Order 5-5-89 (p. 2508)*



HOUSE AMENDMENT TO SENATE AMENDMENT TO  
HOUSE FILE 703

S-4136

1 Amend the amendment, H-4436, to House File 703, as  
2 amended, passed, and reprinted by the House, as  
3 follows:  
4 1. Page 1, by inserting after line 2, the  
5 following:  
6 "\_\_\_\_\_. Page 1, by inserting before line 7, the  
7 following:  
8 "Sec. \_\_\_\_\_. Section 15.282, Code 1989, is amended  
9 to read as follows:  
10 15.282 PURPOSE.  
11 The purpose of this part is to assist communities  
12 and rural areas of the state with their development  
13 and governmental responsibilities by providing low-  
14 interest and no-interest loans or grants for  
15 traditional infrastructure, new infrastructure, and  
16 housing."  
17 2. Page 1, by striking lines 3 through 9.  
18 3. Page 1, by inserting before line 16, the  
19 following:  
20 "\_\_\_\_\_. Page 1, by inserting before line 25, the  
21 following:  
22 "Sec. \_\_\_\_\_. Section 15.284, subsection 2,  
23 unnumbered paragraph 1, Code 1989, is amended to read  
24 as follows:  
25 Any Iowa city or county is eligible to apply for  
26 loans or grants from this category. Along with the  
27 application, the city or county shall submit the  
28 following:  
29 Sec. \_\_\_\_\_. Section 15.284, subsection 5, Code 1989,  
30 is amended to read as follows:  
31 5. The interest rate ~~shall~~ for a loan, if  
32 assessed, may range from zero to five percent. The  
33 department may charge applicants an administration  
34 fee, not to exceed one percent of the principal amount  
35 of the loan or grant, to be paid as a lump sum percent  
36 ~~or a percent of the interest rate.~~  
37 Sec. \_\_\_\_\_. Section 15.285, subsection 2, Code 1989,  
38 is amended to read as follows:  
39 2. Any political subdivision, or nonprofit  
40 development corporation, is eligible to apply for  
41 loans or grants under this category.  
42 Sec. \_\_\_\_\_. Section 15.285, subsection 5, Code 1989,  
43 is amended to read as follows:  
44 5. The interest rate ~~shall~~ for a loan, if  
45 assessed, may range from zero to five percent. The  
46 department may charge applicants an administration  
47 fee, not to exceed one percent of the principal amount  
48 of the loan or grant, to be paid as a lump sum percent  
49 or a percent of the interest rate.  
50 Sec. \_\_\_\_\_. Section 15.285, Code 1989, is amended by

S-4136

Page 2

1 adding the following new subsection:

2 NEW SUBSECTION. 6. The new infrastructure  
3 category shall include new infrastructure systems or  
4 networks of the state of Iowa, its agencies or  
5 instrumentalities which the governor, by executive  
6 order, finds and determines will provide local  
7 communities with the benefits of new infrastructure.  
8 Proceeds of bonds issued to fund costs of state new  
9 infrastructure shall not be considered moneys  
10 available under the program for purposes of the  
11 allocation under subsection (4) of section 15.283.  
12 Subsections (2), (3), and (5) of this section are not  
13 applicable to state new infrastructure.

14 Sec. \_\_\_\_\_. Section 15.286, subsection 1, unnumbered  
15 paragraph 1, Code 1989, is amended to read as follows:

16 Any Iowa city, county, housing agency, or developer  
17 shall be eligible to apply for loans or grants under  
18 this category. Along with the application the person  
19 shall submit the following:""

20 4. Page 1, by striking lines 18 through 24 and  
21 inserting the following:

22 "Sec. \_\_\_\_\_. Section 15.286, subsection 2, as  
23 amended by 1989 Iowa Acts, Senate File 112, section 8,  
24 is amended to read as follows:

25 2. Applicants must be seeking funds to assist in  
26 meeting the area needs of ~~low~~ lower and ~~moderate~~ very  
27 low income persons families in pursuit of decent  
28 housing or in meeting the purposes of the housing  
29 trust fund program as described in section 220.100,  
30 subsection 2."

31 5. Page 1, by striking lines 38 through 42 and  
32 inserting the following:

33 "Sec. \_\_\_\_\_. Section 15.286, subsection 4, paragraph  
34 b, subparagraph (3), as amended by 1989 Iowa Acts,  
35 Senate File 112, section 9, is amended to read as  
36 follows:

37 (3) ~~A-program~~ Programs to assist ~~low-income~~  
38 ~~persons-and~~ lower income, the disadvantaged, or the  
39 disabled."

40 6. Page 2, by inserting before line 2, the  
41 following:

42 "\_\_\_\_\_. Page 2, by inserting before line 7, the  
43 following:

44 "Sec. \_\_\_\_\_. Section 15.286, subsection 5, Code  
45 1989, is amended to read as follows:

46 5. Interest charged to applicants ~~shall~~ for a  
47 loan, may range from zero to five percent. The Iowa  
48 finance authority may charge applicants an  
49 administration fee, not to exceed one percent of the  
50 principal amount of the loan or grant, to be paid as a

S-4136

Page 3

1 lump sum percent, ~~or a percent of the interest rate.~~"

2 7. Page 2, by inserting before line 15, the  
3 following:

4 "\_\_\_\_. Page 2, by inserting before line 7, the  
5 following:

6 "Sec. \_\_\_\_\_. Section 15.287, Code 1989, is amended  
7 to read as follows:

8 15.287 REVOLVING FUND.

9 The Iowa finance authority shall establish a  
10 revolving fund for the program and shall transfer to  
11 the department moneys to be administered by the  
12 department. The moneys in the revolving fund are  
13 appropriated for purposes of the program.  
14 Notwithstanding section 8.33, moneys in the fund at  
15 the end of a fiscal year shall not revert to any other  
16 fund but shall remain in the revolving fund. The fund  
17 shall consist of all appropriations, grants, or gifts  
18 received by the authority or the department  
19 specifically for use under this part; revenues  
20 designated in section 98.35\* to be deposited in the  
21 fund; and all repayments of loans or grants made under  
22 this part."

23 8. Page 2, line 23, by inserting after the word  
24 "loans" the following: "or grants".

25 9. Page 2, line 25, by inserting after the word  
26 "loans" the following: "or grants".

27 10. Page 2, line 27, by striking the word "loan"  
28 and inserting the following: "loan".

29 11. Page 2, by inserting after line 35, the  
30 following:

31 "\_\_\_\_. By striking page 2, line 35 through page 3,  
32 line 18, and inserting the following:

33 "Sec. \_\_\_\_\_. NEW SECTION. 220.134 RURAL COMMUNITY  
34 2000 FINANCING PROGRAM -- DEFINITIONS FUNDING -- BONDS  
35 AND NOTES.

36 1. The authority shall cooperate with the  
37 department of economic development in the creation,  
38 administration, and financing of the rural community  
39 2000 financing program established in sections 15.281  
40 through 15.287.

41 2. Terms used in this part have the meanings given  
42 them in sections 15.281 through 15.287 unless the  
43 context requires otherwise.

44 3. The authority may issue its bonds and notes for  
45 the purpose of funding the revolving fund created  
46 under section 15.287 and for the purpose of refunding  
47 any of its bond or notes issued for purposes under  
48 this section.

49 4. The authority may enter into one or more  
50 lending agreements or purchase agreements with one or

S-4136

Page 4

1 more bondholders or noteholders containing the terms  
2 and conditions of the repayment of and the security  
3 for the bonds or notes. The authority and the  
4 bondholders or noteholders or a trustee agent  
5 designated by the authority may enter into agreements  
6 to provide for any of the following:

7 a. That the proceeds of the bonds and notes and  
8 the investments of the proceeds may be received, held,  
9 and disbursed by the authority or by a trustee or  
10 agent designated by the authority.

11 b. That the bondholders or noteholders or a  
12 trustee or agent designated by the authority may  
13 collect, invest, and apply the amount payable under  
14 the loan agreements or any other instruments securing  
15 the debt obligations under the loan agreements.

16 c. That the bondholders or noteholders may enforce  
17 the remedies provided in the loan agreements or other  
18 instruments on their own behalf without the  
19 appointment or designation of a trustee. If there is  
20 a default in the principal of or interest on the bonds  
21 or notes or in the performance of any agreement  
22 contained in the loan agreements or other instruments,  
23 the payment or performance may be enforced in  
24 accordance with the loan agreement or other  
25 instrument.

26 d. Other terms and conditions as deemed necessary  
27 or appropriate by the authority.

28 5. The powers granted the authority under this  
29 section are in addition to other powers contained in  
30 this chapter. All other provisions of this chapter,  
31 except section 220.28, subsection 4, apply to bonds or  
32 notes issued and powers granted to the authority under  
33 this section, except to the extent they are  
34 inconsistent with this section.

35 Sec.     . NEW SECTION. 220.135 SECURITY --  
36 RESERVE FUNDS -- PLEDGES -- NONLIABILITY -- IRREVOCABLE  
37 CONTRACTS.

38 1. The authority shall provide in the resolution,  
39 trust agreement, or other instrument authorizing the  
40 issuance of its bonds or notes pursuant to section  
41 220.134 that the principal of, premium, and interest  
42 on the bonds or notes are payable solely out of the  
43 pledged receipts as designated in the resolution,  
44 trust agreement, or other instrument authorizing the  
45 issuance of the bonds. Except for those tax revenues  
46 deposited in the revolving loan fund created under  
47 section 15.287, the state shall not appropriate tax  
48 revenues, directly or indirectly, to the authority for  
49 the payment of its bonds, notes, or obligations issued  
50 under section 220.134.

S-4136

Page 5

1 For purposes of this section, unless the context  
2 otherwise requires: "pledged receipt" means the  
3 revenues and receipts received or to be received by  
4 the authority from grants, gifts, or payments on  
5 guarantees made to the authority by any person, from  
6 accrued interest received from the sale of  
7 obligations, from income from the investment of  
8 special funds of the authority, including the  
9 revolving fund established under section 15.287, from  
10 the revenues and receipts deposited in the revolving  
11 fund established under section 15.287, and from any  
12 other moneys which are available for the payment of  
13 principal, premium, if any, or interest on the bonds,  
14 notes, or other obligation issued under section  
15 220.134.

16 2. The authority may establish reserve funds to  
17 secure one or more issues of its bonds or notes. The  
18 authority may deposit in a reserve fund established  
19 under this subsection proceeds of the sale of its  
20 bonds or notes and other money which is made available  
21 from any other source.

22 3. It is the intention of the general assembly  
23 that a pledge made in respect of bonds or notes shall  
24 be valid and binding from the time the pledge is made,  
25 that the money or property so pledged and received  
26 after the pledge by the authority shall immediately be  
27 subject to the lien of the pledge without physical  
28 delivery or further act, and that the lien of the  
29 pledge shall be valid and binding as against all  
30 parties having claims of any kind in tort, contract,  
31 or otherwise against the authority, whether or not the  
32 parties have notice of the lien. The resolution,  
33 trust agreement, or any other instrument by which a  
34 pledge is created does not need to be recorded or  
35 filed under the uniform commercial code, chapter 554,  
36 to be valid, binding, or effective against the  
37 parties.

38 4. Neither the members of the authority nor  
39 persons executing the bonds or notes are liable  
40 personally on the bonds or notes or are subject to  
41 personal liability or accountability by reason of the  
42 issuance of the bonds or notes.

43 5. The bonds or notes issued by the authority are  
44 not an indebtedness or other liability of the state or  
45 of a political subdivision of the state within the  
46 meaning of any constitutional or statutory debt  
47 limitations but are special obligations of the  
48 authority, and are payable solely out of pledged  
49 receipts to the extent that the pledged receipts are  
50 designated in the resolution, trust agreement, or

S-4136

Page 6

1 other instrument of the authority authorizing the  
2 issuance of the bonds or notes as being available as  
3 security for such bonds or notes. The authority shall  
4 not pledge the faith or credit of the state or of a  
5 political subdivision of the state to the payment of  
6 any bonds or notes. The issuance of any bonds or  
7 notes by the authority does not directly, indirectly,  
8 or contingently obligate the state or a political  
9 subdivision of the state to apply moneys from, or to  
10 levy or pledge any form of taxation whatever, to the  
11 payment of the bonds or notes.

12 6. The state pledges to and agrees with the  
13 holders of bonds or notes issued under the rural  
14 community 2000 financing program, that the state will  
15 not limit or alter the rights and powers vested in the  
16 authority to fulfill the terms of a contract made by  
17 the authority with respect to the bonds or notes, or  
18 in any way impair the rights and remedies of the  
19 holders until the bonds or notes, together with the  
20 interest on the bonds or notes, including interest on  
21 unpaid installments of interest, and all costs and  
22 expenses in connection with an action or proceeding by  
23 or on behalf of the holders, are fully met and  
24 discharged. The authority is authorized to include  
25 this pledge and agreement of the state, as it refers  
26 to holders of bonds or notes of the authority, in a  
27 contract with the holders.

28 7. The authority is authorized to use up to two  
29 and one-half percent of the moneys appropriated under  
30 section 98.35 to advance the costs of issuance of such  
31 bonds and notes and for administration of the rural  
32 community 2000 financing program.

33 8. The authority shall not issue more than thirty  
34 million dollars in bonds or notes in any one fiscal  
35 year and not more than a total dollar amount of one  
36 hundred fifty million shall be outstanding at any  
37 time. Bonds issued to fund new infrastructure of the  
38 state shall not exceed one-third of the maximum and  
39 shall not be limited as to the amount which may be  
40 issued in any one fiscal year.

41 Sec. \_\_\_\_ . NEW SECTION. 220.136 ADOPTION OF  
42 RULES.

43 The authority shall adopt rules pursuant to chapter  
44 17A to implement sections 220.134 and 220.135. The  
45 rules shall provide for additional objective criteria  
46 for the ranking of applications for grants. Not less  
47 than fifty percent weight shall be given to financial  
48 need, giving appropriate allowance to such factors as  
49 legal and economic capacity to incur debt, local tax  
50 levels, local effort, costs of vital services

S-4136

Page 7

1 including sewer and water, unmet needs for basic  
2 services, per capita income, and the extent to which a  
3 project is calculated to improve the conditions which  
4 result in greater financial need. No grant shall be  
5 for less than ten percent or more than thirty percent  
6 of the reasonable cost of a project. The rules shall  
7 not impose restrictions on local costs in addition to  
8 chapter 384, division VI.""  
9 12. By striking page 2, line 36 through page 3,  
10 line 10.  
11 13. By renumbering as necessary.

RECEIVED FROM THE HOUSE

S-4136 FILED MAY 5, 1989

ADOPTED

55-89 (4-1987)

HSB 27

ECONOMIC DEVELOPMENT

*now*

HOUSE FILE 703

BY (PROPOSED COMMITTEE ON  
ECONOMIC DEVELOPMENT BILL)

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

**A BILL FOR**

1 An Act relating to the financing for the community and rural  
2 development loan program and authorizing the issuance of bonds  
3 and notes by the Iowa finance authority for the program.

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

- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24



1 Section 1. Section 98.35, Code 1989, is amended to read as  
2 follows:

3 98.35 TAX AND FEES PAID TO GENERAL FUND.

4 The proceeds derived from the sale of stamps and the  
5 payment of taxes, fees and penalties provided for under this  
6 chapter, and the permit fees received from all permits issued  
7 by the department, shall be credited to the general fund of  
8 the state, except as otherwise provided in this section. All  
9 permit fees provided for in this chapter and collected by  
10 cities in the issuance of permits granted by the cities shall  
11 be paid to the treasurer of the city where the permit is  
12 effective, or to another city officer as designated by the  
13 council, and credited to the general fund of the city. Permit  
14 fees so collected by counties shall be paid to the county  
15 treasurer. One and one-half cents of the first five cents  
16 received from the sale of each stamp and the payment of the  
17 tax on each pack of cigarettes or little cigars, not to exceed  
18 four million dollars in a fiscal year, shall be deposited into  
19 the revolving fund established by the Iowa finance authority  
20 under section 15.287. Deposits under this section to the  
21 revolving fund in section 15.287 shall not be made during a  
22 fiscal year for which an appropriation from other sources to  
23 the revolving fund has been made. However, if the amount of  
24 such appropriations does not equal four million dollars or has  
25 to be reduced below that amount for any reason, deposits under  
26 this section shall be made to the extent that the amount  
27 appropriated, less any reduction, is less than four million  
28 dollars.

29 Sec. 2. NEW SECTION. 220.134 COMMUNITY AND RURAL  
30 DEVELOPMENT LOAN PROGRAM.

31 The authority may exercise all of its powers contained in  
32 this chapter, including but not limited to the power to issue  
33 bonds and notes, to implement and carry out the purposes of  
34 the community and rural development loan program established  
35 pursuant to sections 15.281 through 15.288. The authority

1 shall issue its bonds and notes for the loan program  
2 consistent with the loan program and shall provide that the  
3 bonds and notes shall be payable solely from moneys in the  
4 revolving fund established pursuant to section 15.287. The  
5 authority shall not issue more than fifteen million dollars in  
6 bonds or notes in any one calendar year.

7 EXPLANATION

8 The bill provides that one and one-half cents of the first  
9 five cents of the tax received from the cigarette tax on each  
10 pack of cigarettes or little cigars is to be deposited in the  
11 revolving fund created for the community and rural development  
12 loan program. The amount to be deposited in a fiscal year is  
13 not to exceed \$4,000,000. If funds are appropriated from  
14 other sources to the fund and the amount is less than  
15 \$4,000,000, then the amount to be deposited from the cigarette  
16 tax is an amount equal to the excess of \$4,000,000 over the  
17 amount appropriated from the other sources. The bill  
18 authorizes the Iowa finance authority to issue bonds and notes  
19 for purposes of the program.

20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35

**HOUSE FILE 703  
FISCAL NOTE**

A fiscal note for **HOUSE FILE 703** is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

House File 703 changes the title of Community Rural Development Loan Program to Rural Community 2000 Program. The bill provides that three cents of the first five cents of the tax received from the cigarette tax on each pack of cigarettes or little cigars is to be deposited in the revolving fund created for the Rural Community 2000 Program. The amount to be deposited in a fiscal year is not to exceed \$4,000,000. If funds are appropriated from other sources to the fund and the amount is less than \$4,000,000, then the amount to be deposited from the cigarette tax is an amount equal to the excess of \$4,000,000 over the amount appropriated from the other sources.

The Bill authorizes the Iowa Finance Authority to issue bonds and notes for purposes of the Program. The Authority shall issue its bonds and notes for the loan program consistent with the loan program and shall provide that the bonds and notes shall be payable solely from moneys in the revolving fund established pursuant to Section 15.288. The Bill also provides that the setting aside of cigarette taxes for the Program and the power to issue bonds are to be implemented only upon execution order of the governor.

**ASSUMPTIONS:**

- Administrative costs will be born out of the appropriation and not loan origination fees. 1989 administrative costs were limited to fees only.

**FISCAL IMPACT:**

	Fiscal Year 1990			Fiscal Year 1991	
	Current	Proposed	Increase	Current	Proposed
	Law	Law	(Decrease)	Law	Law
<b>REVENUE</b>					
Lottery CRDLP	\$4,650,000	\$ 0	\$ 0	\$ 0	\$ 0
Cigarette Tax	0	4,000,000	(650,000)	4,000,000	4,000,000
Total	\$4,650,000	\$4,000,000	\$(650,000)	\$4,000,000	\$4,000,000
<b>EXPENDITURES</b>					
Salaries	\$ 0	\$ 47,000	\$ 47,000	\$ 50,000	\$ 50,000
Support	0	20,000	20,000	21,500	21,500
Loans To Comm	4,650,000	3,933,000	(717,000)	3,928,500	3,928,500
Total	\$4,650,000	\$4,000,000	\$(650,000)	\$4,000,000	\$4,000,000
<b>NET EFFECT</b>			<b>\$(650,000)</b>		

Source: Department of Economic Development

(LSB 4086hv, KNM)

FILED MARCH 29, 1989

BY DENNIS PROUTY, FISCAL DIRECTOR



OFFICE OF THE GOVERNOR

STATE CAPITOL  
DES MOINES, IOWA 50319

515 281-5211

TERRY E. BRANSTAD  
GOVERNOR

June 5, 1989

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

Dear Madam Secretary:

I hereby transmit House File 703, an act relating to the financing for the rural community 2000 program and authorizing the issuance of bonds and notes by the Iowa Finance Authority for the program.

House File 703 establishes a Rural Community 2000 program. This is the so-called CORDLAP program that was put in place last year. It is designed to provide financial assistance to local governments for infrastructure improvements. The bill also establishes the possibility of raising revenues through debt financing to augment the program. These bonds would be issued by the Iowa Finance Authority and would be secured by repayments of loans made under the program. However, the bill also earmarks up to three cents of the cigarette tax revenues received by the state to be used to back these bonds, if needed.

This bill appropriately expands the CORDLAP program by authorizing the use of grants as well as lower or no interest loans when providing assistance to local communities' infrastructure needs. Specifically, many communities in Iowa need grants from the state in order to develop new water systems or develop regional water systems because of the lingering drought.

House File 703 is, therefore, approved on this date with the following exceptions which I hereby disapprove.

The Honorable Elaine Baxter  
June 5, 1989  
Page two

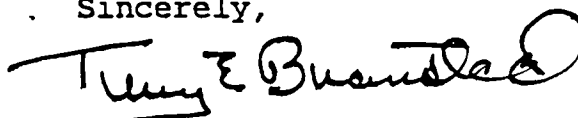
I am unable to approve the item designated as Section 18, in its entirety and Section 20, Subsection 7, in its entirety.

These provisions in House File 703 set a very dangerous financial precedent for this state. They would authorize the use of what are normally general fund revenues -- cigarette taxes -- to pay off debt obligated by the Iowa Finance Authority. Earmarking state revenues in such a fashion substantially reduces the flexibility of the state in dealing with changing financial needs. Moreover, tying up general fund revenues to pay off debt is fiscally unwise and flies in the face of our efforts to restore the state's fiscal house to good order. Earmarking of cigarette taxes could just be the first move to finance debt through use of earmarked general fund tax revenues. Extended to its logical conclusion, such earmarking would hamstring the state's ability to respond to changing needs and force our children and grandchildren to pay off debts that we incur.

With this action, I am not eliminating the ability of the Rural Community 2000 program to obtain additional financing through revenue bonds. However, those revenue bonds would have to be backed solely by loan proceeds that are pledged by the recipient of the loans. In addition, we have separately authorized the Iowa Finance Authority to use bond bank authority to pool local bond issues to provide greater opportunities for financing essential local infrastructure projects.

For the above reasons, I hereby respectfully disapprove these items in accordance with Amendment IV of the Amendments of 1968 to the Constitution of the State of Iowa. All other items in House File 703 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 703

AN ACT  
RELATING TO THE FINANCING FOR THE RURAL COMMUNITY 2000 PROGRAM  
AND AUTHORIZING THE ISSUANCE OF BONDS AND NOTES BY THE IOWA  
FINANCE AUTHORITY FOR THE PROGRAM.

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

Section 1. Section 15.281, Code 1989, is amended to read  
as follows:

15.281 ~~COMMUNITY-AND-RURAL-DEVELOPMENT-LOAN~~ RURAL  
COMMUNITY 2000 PROGRAM.

This part shall be known as the "~~Community-and-Rural  
Development-loan~~ Rural Community 2000 Program".

Sec. 2. Section 15.282, Code 1989, is amended to read as  
follows:

15.282 PURPOSE.

The purpose of this part is to assist communities and rural  
areas of the state with their development and governmental  
responsibilities by providing low-interest and no-interest  
loans or grants for traditional infrastructure, new  
infrastructure, and housing.

Sec. 3. Section 15.283, Code 1989, is amended by adding  
the following new subsections:

NEW SUBSECTION. 5. The department may establish an  
interest or principal payment program to pay up to all the  
interest or an amount of principal equal to the total interest  
amount due on municipal bonds sold by the local community as  
authorized by this section. The department may use part or  
all of the moneys available for traditional or new  
infrastructure assistance for the interest or principal  
payment program. The program shall only be available to  
communities which demonstrate a substantial local effort to  
assist in community development. The department shall develop  
rules defining "substantial local effort".

NEW SUBSECTION. 6. Notwithstanding subsection 4, for the  
fiscal year beginning July 1, 1989, all funds allocated under  
this program for housing shall be applied to programs under  
section 220.100, subsection 2, paragraphs "b" and "c".

Sec. 4. Section 15.284, subsection 2, unnumbered paragraph  
1, Code 1989, is amended to read as follows:

Any Iowa city or county is eligible to apply for loans or  
grants from this category. Along with the application, the  
city or county shall submit the following:

Sec. 5. Section 15.284, subsection 5, Code 1989, is  
amended to read as follows:

5. The interest rate ~~shall for a loan, if assessed, may~~  
range from zero to five percent. The department may charge  
applicants an administration fee, not to exceed one percent of  
the principal amount of the loan or grant, to be paid as a  
lump sum ~~percent or a percent of the interest rate.~~

Sec. 6. Section 15.285, subsection 2, Code 1989, is  
amended to read as follows:

2. Any political subdivision, or nonprofit development  
corporation, is eligible to apply for loans or grants under  
this category.

Sec. 7. Section 15.285, subsection 5, Code 1989, is  
amended to read as follows:

5. The interest rate ~~shall for a loan, if assessed, may~~  
range from zero to five percent. The department may charge  
applicants an administration fee, not to exceed one percent of  
the principal amount of the loan or grant, to be paid as a  
lump sum percent or a percent of the interest rate.

Sec. 8. Section 15.285, Code 1989, is amended by adding  
the following new subsection:

NEW SUBSECTION. 6. The new infrastructure category shall  
include new infrastructure systems or networks of the state of  
Iowa, its agencies or instrumentalities which the governor, by  
executive order, finds and determines will provide local  
communities with the benefits of new infrastructure. Proceeds  
of bonds issued to fund costs of state new infrastructure  
shall not be considered moneys available under the program for

purposes of the allocation under subsection (4) of section 15.283. Subsections (2), (3), and (5) of this section are not applicable to state new infrastructure.

Sec. 9. Section 15.286, subsection 1, unnumbered paragraph 1, Code 1989, is amended to read as follows:

Any Iowa city, county, housing agency, or developer shall be eligible to apply for loans or grants under this category. Along with the application the person shall submit the following:

Sec. 10. Section 15.286, subsection 2, as amended by 1989 Iowa Acts, Senate File 112, section 8, is amended to read as follows:

2. Applicants must be seeking funds to assist in meeting the area needs of ~~low~~ lower and ~~moderate~~ very low income persons families in pursuit of decent housing or in meeting the purposes of the housing trust fund program as described in section 220.100, subsection 2.

Sec. 11. Section 15.286, subsection 3, Code 1989, is amended by striking the subsection and inserting in lieu thereof the following:

3. For purposes of this section:

a. "Lower income families" means lower income families as defined in section 220.1, subsection 3.

b. "Very low income families" means very low income families as defined in section 220.1, subsection 4.

Sec. 12. Section 15.286, subsection 4, paragraph b, subparagraph (3), as amended by 1989 Iowa Acts, Senate File 112, section 9, is amended to read as follows:

(3) ~~A-program Programs~~ to assist ~~low-income-persons-and lower income,~~ the disadvantaged, or the disabled.

Sec. 13. Section 15.286, subsection 4, paragraph b, Code 1989, is amended by adding the following new subparagraph:

NEW SUBPARAGRAPH. (6) A project involving a community development corporation or financial institution participating in a federal or state community reinvestment program.

Sec. 14. Section 15.286, subsection 5, Code 1989, is amended to read as follows:

5. Interest charged to applicants ~~shall for a loan, may~~ range from zero to five percent. The Iowa finance authority may charge applicants an administration fee, not to exceed one percent of the principal amount of the loan or grant, to be paid as a lump sum percent, ~~or a percent of the interest rate.~~

Sec. 15. Section 15.286, Code 1989, is amended by adding the following new subsection:

NEW SUBSECTION. 6. A housing project which receives funds under the rural community 2000 program, for the portion of the project receiving funding under the rural community 2000 program shall provide, as nearly as practical, that twenty-five percent of the housing units, as nearly as practical, be available for very low income families and seventy-five percent of the housing units be available for lower income families.

Sec. 16. Section 15.287, Code 1989, is amended to read as follows:

15.287 REVOLVING FUND.

The Iowa finance authority shall establish a revolving fund for the program and shall transfer to the department moneys to be administered by the department. The moneys in the revolving fund are appropriated for purposes of the program. Notwithstanding section 8.33, moneys in the fund at the end of a fiscal year shall not revert to any other fund but shall remain in the revolving fund. The fund shall consist of all appropriations, grants, or gifts received by the authority or the department specifically for use under this part; revenues designated in section 98.35 to be deposited in the fund; and all repayments of loans or grants made under this part.

Sec. 17. Section 15.288, Code 1989, is amended to read as follows:

15.288 LOCAL BONDS NOT REQUIRED -- INDEBTEDNESS LIMITATIONS.

A city, county, political subdivision, or other municipal corporation shall not be required to issue its bonds to secure loans or grants under the ~~community-and-rural-development-loan rural community 2000~~ program. It is the intent of the general

assembly that loans or grants received by a city, county, political subdivision, or other municipal corporation under the loan program shall not constitute an indebtedness of that entity within the meaning of any state constitutional provision or statutory limitation. A city, county, political subdivision, or other municipal corporation, may repay a loan received through a state funded program by a tax levied for a debt service fund under sections 331.430, subsection 2, and 384.4, subsection 2.

Sec. 18. Section 98.35, Code 1989, is amended to read as follows:

98.35 TAX AND FEES PAID TO GENERAL FUND.

The proceeds derived from the sale of stamps and the payment of taxes, fees, and penalties provided for under this chapter, and the permit fees received from all permits issued by the department, shall be credited to the general fund of the state, except as otherwise provided in this section. All permit fees provided for in this chapter and collected by cities in the issuance of permits granted by the cities shall be paid to the treasurer of the city where the permit is effective, or to another city officer as designated by the council, and credited to the general fund of the city. Permit fees so collected by counties shall be paid to the county treasurer. Three cents of the first five cents received from the sale of each stamp and the payment of the tax on each pack of cigarettes or little cigars, not to exceed four million dollars in a fiscal year, shall be deposited into the revolving fund established by the Iowa finance authority under section 15.287. Deposits under this section to the revolving fund in section 15.287 shall not be made during a fiscal year for which an appropriation from other sources to the revolving fund has been made. However, if the amount of such appropriations does not equal four million dollars or has to be reduced below that amount for any reason, deposits under this section shall be made to the extent that the amount appropriated, less any reduction, is less than four million dollars.

Sec. 19. NEW SECTION. 220.134 RURAL COMMUNITY 2000 FINANCING PROGRAM -- DEFINITIONS FUNDING -- BONDS AND NOTES.

1. The authority shall cooperate with the department of economic development in the creation, administration, and financing of the rural community 2000 financing program established in sections 15.281 through 15.287.
2. Terms used in this part have the meanings given them in sections 15.281 through 15.287 unless the context requires otherwise.
3. The authority may issue its bonds and notes for the purpose of funding the revolving fund created under section 15.287 and for the purpose of refunding any of its bond or notes issued for purposes under this section.
4. The authority may enter into one or more lending agreements or purchase agreements with one or more bondholders or noteholders containing the terms and conditions of the repayment of and the security for the bonds or notes. The authority and the bondholders or noteholders or a trustee agent designated by the authority may enter into agreements to provide for any of the following:
  - a. That the proceeds of the bonds and notes and the investments of the proceeds may be received, held, and disbursed by the authority or by a trustee or agent designated by the authority.
  - b. That the bondholders or noteholders or a trustee or agent designated by the authority may collect, invest, and apply the amount payable under the loan agreements or any other instruments securing the debt obligations under the loan agreements.
  - c. That the bondholders or noteholders may enforce the remedies provided in the loan agreements or other instruments on their own behalf without the appointment or designation of a trustee. If there is a default in the principal or interest on the bonds or notes or in the performance of any agreement contained in the loan agreements or other instruments, the payment or performance may be enforced in accordance with the loan agreement or other instrument.



d. Other terms and conditions as deemed necessary or appropriate by the authority.

5. The powers granted the authority under this section are in addition to other powers contained in this chapter. All other provisions of this chapter, except section 220.28, subsection 4, apply to bonds or notes issued and powers granted to the authority under this section, except to the extent they are inconsistent with this section.

Sec. 20. NEW SECTION. 220.135 SECURITY -- RESERVE FUNDS -  
- PLEDGES -- NONLIABILITY -- IRREVOCABLE CONTRACTS.

1. The authority shall provide in the resolution, trust agreement, or other instrument authorizing the issuance of its bonds or notes pursuant to section 220.134 that the principal of, premium, and interest on the bonds or notes are payable solely out of the pledged receipts as designated in the resolution, trust agreement, or other instrument authorizing the issuance of the bonds. Except for those tax revenues deposited in the revolving loan fund created under section 15.287, the state shall not appropriate tax revenues, directly or indirectly, to the authority for the payment of its bonds, notes, or obligations issued under section 220.134.

For purposes of this section, unless the context otherwise requires: "pledged receipt" means the revenues and receipts received or to be received by the authority from grants, gifts, or payments on guarantees made to the authority by any person, from accrued interest received from the sale of obligations, from income from the investment of special funds of the authority, including the revolving fund established under section 15.287, from the revenues and receipts deposited in the revolving fund established under section 15.287, and from any other moneys which are available for the payment of principal, premium, if any, or interest on the bonds, notes, or other obligation issued under section 220.134.

2. The authority may establish reserve funds to secure one or more issues of its bonds or notes. The authority may deposit in a reserve fund established under this subsection proceeds of the sale of its bonds or notes and other money which is made available from any other source.

3. It is the intention of the general assembly that a pledge made in respect of bonds or notes shall be valid and binding from the time the pledge is made, that the money or property so pledged and received after the pledge by the authority shall immediately be subject to the lien of the pledge without physical delivery or further act, and that the lien of the pledge shall be valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against the authority, whether or not the parties have notice of the lien. The resolution, trust agreement, or any other instrument by which a pledge is created does not need to be recorded or filed under the uniform commercial code, chapter 554, to be valid, binding, or effective against the parties.

4. Neither the members of the authority nor persons executing the bonds or notes are liable personally on the bonds or notes or are subject to personal liability or accountability by reason of the issuance of the bonds or notes.

5. The bonds or notes issued by the authority are not an indebtedness or other liability of the state or of a political subdivision of the state within the meaning of any constitutional or statutory debt limitations but are special obligations of the authority, and are payable solely out of pledged receipts to the extent that the pledged receipts are designated in the resolution, trust agreement, or other instrument of the authority authorizing the issuance of the bonds or notes as being available as security for such bonds or notes. The authority shall not pledge the faith or credit of the state or of a political subdivision of the state to the payment of any bonds or notes. The issuance of any bonds or notes by the authority does not directly, indirectly, or contingently obligate the state or a political subdivision of the state to apply moneys from, or to levy or pledge any form of taxation whatever, to the payment of the bonds or notes.

6. The state pledges to and agrees with the holders of bonds or notes issued under the rural community 2000 financing

program, that the state will not limit or alter the rights and powers vested in the authority to fulfill the terms of a contract made by the authority with respect to the bonds or notes, or in any way impair the rights and remedies of the holders until the bonds or notes, together with the interest on the bonds or notes, including interest on unpaid installments of interest, and all costs and expenses in connection with an action or proceeding by or on behalf of the holders, are fully met and discharged. The authority is authorized to include this pledge and agreement of the state, as it refers to holders of bonds or notes of the authority, in a contract with the holders.

7. The authority is authorized to use up to two and one-half percent of the moneys appropriated under section 98.35 to advance the costs of issuance of such bonds and notes and for administration of the rural community 2000 financing program.

8. The authority shall not issue more than thirty million dollars in bonds or notes in any one fiscal year and not more than a total dollar amount of one hundred fifty million shall be outstanding at any time. Bonds issued to fund new infrastructure of the state shall not exceed one-third of the maximum and shall not be limited as to the amount which may be issued in any one fiscal year.

Sec. 21. NEW SECTION. 220.136 ADOPTION OF RULES.

The authority shall adopt rules pursuant to chapter 17A to implement sections 220.134 and 220.135. The rules shall provide for additional objective criteria for the ranking of applications for grants. Not less than fifty percent weight shall be given to financial need, giving appropriate allowance to such factors as legal and economic capacity to incur debt, local tax levels, local effort, costs of vital services including sewer and water, unmet needs for basic services, per capita income, and the extent to which a project is calculated to improve the conditions which result in greater financial need. No grant shall be for less than ten percent or more than thirty percent of the reasonable cost of a project. The rules shall not impose restrictions on local costs in addition to chapter 384, division VI.

Sec. 22. Section 98.35 and section 220.134 shall only be implemented upon executive order of the governor.

---

DONALD D. AVENSON  
Speaker of the House

---

JO ANN ZIMMERMAN  
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 703, Seventy-third General Assembly.

  
Approved 6-5, 1989

---

JOSEPH O'HERN  
Chief Clerk of the House

---

TERRY E. BRANSTAD  
Governor