

Sen. Ways Means Do Pass 5/9/91 (p. 1743)

MAY 1 1991

HOUSE FILE 707

BY COMMITTEE ON WAYS AND MEANS

WAYS & MEANS CALENDAR

(SUCCESSOR TO HSB 316)

Passed House, Date 5/2/91 (p. 2058) Passed Senate, Date 5/10/91 (p. 1749)

Vote: Ayes 99 Nays 0 Vote: Ayes 50 Nays 0

Approved June 7, 1991

A BILL FOR

1 An Act relating to the investment by the state and political  
2 subdivisions of bond proceeds and sinking funds in tax-exempt  
3 bonds or money market funds.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 707

1 Section 1. Section 452.10, Code 1991, is amended by adding  
2 the following new unnumbered paragraph after unnumbered  
3 paragraph 1:

4 NEW UNNUMBERED PARAGRAPH. For the purpose of avoiding the  
5 complexity and administrative burdens associated with the  
6 required rebate of arbitrage profits to the United States  
7 treasury pursuant to section 148 of the Internal Revenue Code,  
8 as defined in section 422.3, the treasurer of state and the  
9 treasurer or other designated financial officer of each  
10 political subdivision may invest the proceeds of public bonds  
11 or obligations and funds being accumulated for the payment of  
12 principal and interest or reserves in tax-exempt bonds, as  
13 defined and permitted by section 148 of the Internal Revenue  
14 Code and applicable federal regulations under that section,  
15 and in tax-exempt money market funds, including but not  
16 limited to funds issued by an unincorporated investment  
17 company or investment trust registered under the federal  
18 Investment Company Act of 1940, having assets in excess of  
19 five hundred million dollars and having an average maturity in  
20 compliance with the federal securities exchange commission  
21 regulations for registered money market funds.

22 Sec. 2. Section 453.9, Code 1991, is amended by adding the  
23 following new unnumbered paragraph after unnumbered paragraph  
24 1:

25 NEW UNNUMBERED PARAGRAPH. For the purpose of avoiding the  
26 complexity and administrative burdens associated with the  
27 required rebate of arbitrage profits to the United States  
28 treasury pursuant to section 148 of the Internal Revenue Code,  
29 as defined in section 422.3, the treasurer of state and the  
30 treasurer or other designated financial officer of each  
31 political subdivision may invest the proceeds of public bonds  
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3 company or investment trust registered under the Federal  
4 Investment Company Act of 1940, having assets in excess of  
5 five hundred million dollars and having an average maturity in  
6 compliance with the federal securities exchange commission  
7 regulations for registered money market funds.

8 EXPLANATION

9 The bill permits the treasurer of state and the financial  
10 officer of political subdivisions to invest bond proceeds and  
11 sinking funds in tax-exempt bonds and money market funds where  
12 such investments are desirable to avoid earning excess amounts  
13 which must be returned to the United States treasury as a  
14 result of the federal Tax Reform Act of 1986. The bill will  
15 bring state law into conformity with federal law with respect  
16 to permitted investments for this purpose.

17 This bill may be a state mandate under chapter 25B.

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HSB 316

WAYS AND MEANS

HOUSE FILE 707

BY (PROPOSED COMMITTEE ON WAYS  
AND MEANS BILL BY CHAIRPERSON  
GRONINGA)

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_

Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_

Approved \_\_\_\_\_

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HOUSE FILE 707

AN ACT

RELATING TO THE INVESTMENT BY THE STATE AND POLITICAL SUB-DIVISIONS OF BOND PROCEEDS AND SINKING FUNDS IN TAX-EXEMPT BONDS OR MONEY MARKET FUNDS.

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

Section 1. Section 452.10, Code 1991, is amended by adding the following new unnumbered paragraph after unnumbered paragraph 1:

NEW UNNUMBERED PARAGRAPH. For the purpose of avoiding the complexity and administrative burdens associated with the

required rebate of arbitrage profits to the United States treasury pursuant to section 148 of the Internal Revenue Code, as defined in section 422.3, the treasurer of state and the treasurer or other designated financial officer of each political subdivision may invest the proceeds of public bonds or obligations and funds being accumulated for the payment of principal and interest or reserves in tax-exempt bonds, as defined and permitted by section 148 of the Internal Revenue Code and applicable federal regulations under that section, and in tax-exempt money market funds, including but not limited to funds issued by an unincorporated investment company or investment trust registered under the federal Investment Company Act of 1940, having assets in excess of five hundred million dollars and having an average maturity in compliance with the federal securities exchange commission regulations for registered money market funds.

Sec. 2. Section 453.9, Code 1991, is amended by adding the following new unnumbered paragraph after unnumbered paragraph 1:

NEW UNNUMBERED PARAGRAPH. For the purpose of avoiding the complexity and administrative burdens associated with the required rebate of arbitrage profits to the United States treasury pursuant to section 148 of the Internal Revenue Code, as defined in section 422.3, the treasurer of state and the treasurer or other designated financial officer of each political subdivision may invest the proceeds of public bonds or obligations and funds being accumulated for the payment of principal and interest or reserves in tax-exempt bonds, as defined and permitted by section 148 of the Internal Revenue Code and applicable federal regulations under that section, and in tax-exempt money market funds, including but not limited to funds issued by an unincorporated investment company or investment trust registered under the federal Investment Company Act of 1940, having assets in excess of five hundred million dollars and having an average maturity in

compliance with the federal securities exchange commission regulations for registered money market funds.

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ROBERT C. ARNOULD  
Speaker of the House

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JOE J. WELSH  
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 707, Seventy-fourth General Assembly.

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JOSEPH O'HERN  
Chief Clerk of the House

Approved June 7, 1991

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TERRY E. BRANSTAD  
Governor