

JAN 11 2000
LOCAL GOVERNMENT

2/22/00 Do Pass
S-3/15/00 Local Gov.
S-3/16/00 Do Pass
S-3/23/00 Underwriter Baswein
Colander

HOUSE FILE
BY KLEMME

2027

(P. 708) Passed House, Date 3/14/00 Passed Senate, Date 3-28-00
Vote: Ayes 98 Nays 0 Vote: Ayes 50 Nays 0
Approved 4-12-00

A BILL FOR

1 An Act relating to the construction or acquisition of
2 infrastructure by rural water districts by providing for
3 financing and exempting certain debt instruments from
4 taxation.

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

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HF 2027

1 Section 1. Section 357A.11, subsection 9, Code 1999, is
2 amended to read as follows:

3 9. Finance all or part of the cost of the construction or
4 purchase of a project necessary to carry out the purposes for
5 which the district is incorporated or to refinance all or part
6 of the original cost of that project, including, but not
7 limited to, obligations originated by the district as a
8 nonprofit corporation under chapter 504A and assumed by the
9 district reorganized under this chapter. Financing or
10 refinancing carried out under this subsection shall be in
11 accordance with the terms and procedures set forth in the
12 applicable provisions of sections 384.24A, 384.83 through
13 384.88, 384.92, and 384.93. References in these sections to a
14 city shall be applicable to a rural water district operating
15 under this chapter, and references in that division to a city
16 council shall be applicable to the board of directors of a
17 rural water district. This subsection shall not create a lien
18 against the property of a person who is not a rural water
19 subscriber.

20 Sec. 2. Section 357A.15, unnumbered paragraph 1, Code
21 1999, is amended to read as follows:

22 No A district shall not have any power to levy any taxes.
23 ~~Neither-the~~ The facilities constructed or otherwise acquired
24 by any a district, including but not limited to ponds,
25 reservoirs, pipelines, wells, check dams, and pumping
26 installations, the revenues obtained by the district from the
27 sale of water, ~~nor~~ and the revenue bonds or notes, or interest
28 ~~therefrom~~ from the revenue bonds or notes, issued by any a
29 district shall not be taxable in any manner by the state of
30 Iowa or any of its political subdivisions.

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EXPLANATION

32 This bill amends provisions in Code chapter 357A, which in
33 part provides authority to rural water districts to finance
34 projects under their authority.

35 Code section 357A.11 provides that the financing must be in

1 accordance with the terms and procedures set forth for cities
2 under various sections in Code chapter 384. In addition to
3 those Code sections, cities are authorized to enter into loan
4 agreements to borrow money to support public purposes under
5 Code section 384.24A. This bill provides that a rural water
6 district may provide financing by entering into loan
7 agreements to the same extent that a city may enter into such
8 agreements under Code section 384.24A.

9 Code section 357A.15 provides that projects which are
10 constructed or acquired by a rural water district are not
11 taxable by the state or local governments. The section
12 provides that this exemption extends to revenue or interest on
13 bonds issued by a district. This bill provides that the
14 exemption also applies to notes and the interest on notes
15 issued by the district.

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HOUSE FILE 2027

AN ACT
RELATING TO THE CONSTRUCTION OR ACQUISITION OF
INFRASTRUCTURE BY RURAL WATER DISTRICTS BY PROVIDING
FOR FINANCING AND EXEMPTING CERTAIN DEBT INSTRUMENTS
FROM TAXATION.

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

Section 1. Section 357A.11, subsection 9, Code 1999, is amended to read as follows:

9. Finance all or part of the cost of the construction or purchase of a project necessary to carry out the purposes for which the district is incorporated or to refinance all or part of the original cost of that project, including, but not limited to, obligations originated by the district as a nonprofit corporation under chapter 504A and assumed by the district reorganized under this chapter. Financing or refinancing carried out under this subsection shall be in accordance with the terms and procedures set forth in the applicable provisions of sections 384.24A, 384.83 through 384.88, 384.92, and 384.93. References in these sections to a city shall be applicable to a rural water district operating under this chapter, and references in that division to a city council shall be applicable to the board of directors of a rural water district. This subsection shall not create a lien against the property of a person who is not a rural water subscriber.

Sec. 2. Section 357A.15, unnumbered paragraph 1, Code 1999, is amended to read as follows:

No A district shall not have any power to levy any taxes. Neither the The facilities constructed or otherwise acquired by any a district, including but not limited to ponds, reservoirs, pipelines, wells, check dams, and pumping

installations, the revenues obtained by the district from the sale of water, nor and the revenue bonds or notes, or interest therefrom from the revenue bonds or notes, issued by any a district shall not be taxable in any manner by the state of Iowa or any of its political subdivisions.

BRENT SIEGRIST
Speaker of the House

MARY E. KRAMER
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2027, Seventy-eighth General Assembly.

ELIZABETH ISAACSON
Chief Clerk of the House

Approved 4/12/00, 2000

THOMAS J. VILSACK
Governor

HF-2027