

FEB 1 2000
Agriculture

HOUSE FILE
BY TEIG

2108

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act extending the time period to qualify for certain linked
2 investment programs and providing an effective date.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 2108

1 Section 1. 1999 Iowa Acts, chapter 177, section 7, is
2 amended to read as follows:

3 SEC. 7. CURRENT INVESTMENT AGREEMENTS.

4 1. The Except as provided in subsections 2 and 3, the
5 treasurer of state shall not renew a certificate of deposit in
6 an eligible lending institution, if the total term for the
7 certificate of deposit exceeds the requirements of section
8 12.34, subsection 3, as amended by this Act. ~~However, nothing~~

9 2. Nothing in this Act shall affect the terms or
10 conditions of an investment agreement executed by the
11 treasurer of state with an eligible lending institution that
12 is in effect on the effective date of this Act.

13 3. a. The treasurer of state may renew a certificate of
14 deposit in an eligible lending institution as part of a linked
15 investment loan package and in accordance with the investment
16 agreement, as provided in this subsection, if all of the
17 following apply:

18 (1) The investment agreement was executed prior to May 24,
19 1999.

20 (2) The eligible lending institution executed a loan
21 agreement with the eligible borrower listed in the linked
22 investment loan package prior to May 24, 1999, and the loan
23 agreement applies on and after May 24, 1999.

24 (3) The eligible borrower continues to meet the conditions
25 of an eligible borrower as provided in chapter 12, Code 1999.

26 b. The treasurer of state may renew the certificate of
27 deposit on an annual basis until the earlier of the following:

28 (1) The termination of the loan agreement executed by the
29 eligible lending institution and the eligible borrower.

30 (2) The last year that the certificate of deposit may be
31 renewed as provided in section 12.34, Code 1999.

32 Sec. 2. EFFECTIVE DATE. This Act, being deemed of
33 immediate importance, takes effect upon enactment.

34 EXPLANATION

35 During the 1999 legislative session, the general assembly

1 enacted House File 779 (1999 Iowa Acts, ch. 177) which amended
2 a number of provisions in a division of Code chapter 12
3 referred to as the "Linked Investments for Tomorrow Act".
4 Under programs administered under this division, the treasurer
5 of state may invest a portion of the state pooled money fund
6 in certificates of deposit in eligible lending institutions.
7 The state receives a lower interest rate as part of an
8 agreement in which the lending institution loans moneys to
9 eligible persons under specified programs at a reduced rate of
10 interest. The treasurer of state is authorized to renew the
11 certificate of deposit annually.

12 Prior to 1999, the treasurer of state could annually renew
13 a certificate of deposit for a total term not to exceed nine
14 years. House File 779 decreased the total term to five years.
15 House File 779 also placed additional eligibility requirements
16 upon borrowers involved in a program to assist businesses
17 producing, processing, or marketing horticultural or
18 nontraditional crops (see Code section 12.41). House File 779
19 provided that in order to be eligible the gross income earned
20 by the borrower's business could not be more than \$300,000 for
21 the last tax year.

22 Finally, House File 779 provided that its provisions did
23 not affect the terms or conditions of an investment agreement
24 executed by the treasurer of state with an eligible lending
25 institution in effect on its effective date (the governor
26 approved the Act on May 24, 1999).

27 This bill provides that the treasurer of state may renew a
28 certificate of deposit in an eligible lending institution in
29 accordance with the investment agreement which was executed by
30 the treasurer of state prior to May 24, 1999, if the eligible
31 borrower listed in the linked investment loan package
32 continues to meet the conditions of the program prior to the
33 May 24, 1999, effective date of the legislation. Therefore,
34 the \$300,000 requirement would not apply. This bill also
35 provides that the treasurer of state may renew the certificate

1 of deposit until the termination of the loan or the nine-year
2 period, whichever occurs earlier.

3 The bill takes effect upon enactment.

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