

*Substituted for by SF 2447*

*4-19-00  
(P1630)*

APR 18 2000

WAYS & MEANS CALLNDAR

HOUSE FILE **2577**

**WITHDRAWN**

BY COMMITTEE ON WAYS AND MEANS

*4-19-00*

(SUCCESSOR TO HF 2575)

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

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

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

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

Approved \_\_\_\_\_

**A BILL FOR**

1 An Act relating to public improvements and providing financial  
2 assistance to communities and school districts by creating a  
3 school infrastructure program and fund, continuing the  
4 community attraction and tourism program and fund, creating a  
5 vision Iowa board, creating a vision Iowa program and fund,  
6 providing bonding authority to the treasurer of state, and  
7 exempting certain income from taxation.

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

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*HF 2577*

1 DIVISION I  
2 SUBCHAPTER I  
3 VISION IOWA BOARD

4 Section 1. NEW SECTION. 15F.101 DEFINITIONS.

5 As used in this chapter, unless the context otherwise  
6 requires:

7 1. "Board" means the vision Iowa board as created in  
8 section 15F.102.

9 2. "Department" means the Iowa department of economic  
10 development created in section 15.105.

11 Sec. 2. NEW SECTION. 15F.102 VISION IOWA BOARD.

12 1. The vision Iowa board is established consisting of  
13 thirteen members and is located for administrative purposes  
14 within the department. The director of the department shall  
15 provide office space, staff assistance, and necessary supplies  
16 and equipment for the board. The director shall budget funds  
17 to pay the compensation and expenses of the board. In  
18 performing its functions the board is performing a public  
19 function on behalf of the state and is a public  
20 instrumentality of the state.

21 2. The membership of the board shall be appointed as  
22 follows:

23 a. Three members of the general public, one member from  
24 each of the three tourism regions.

25 b. One mayor of a city with a population of less than  
26 twenty thousand.

27 c. One county supervisor from a county that has a  
28 population ranking in the bottom thirty-three counties  
29 according to the 1990 census.

30 d. Four members of the general public.

31 e. One mayor of a city with a population of twenty  
32 thousand or more.

33 f. The director of the department of economic development.

34 g. The treasurer of state or the treasurer of state's  
35 designee.

1 h. The auditor of state or the auditor of state's  
2 designee.

3 3. All appointments, except the director of the department  
4 of economic development, the treasurer of state, and the  
5 auditor of state, shall be made by the governor, shall comply  
6 with sections 69.16 and 69.16A, and shall be subject to  
7 confirmation by the senate. All appointed members of the  
8 board shall have demonstrable experience or expertise in the  
9 field of tourism development and promotion, public financing,  
10 architecture, engineering, or major facility development or  
11 construction.

12 4. All members of the board, except the director of the  
13 department of economic development, the treasurer of state,  
14 and the auditor of state, shall be residents of different  
15 counties.

16 5. The chairperson and vice chairperson of the board shall  
17 be designated by the governor from the board members listed in  
18 subsection 2, paragraphs "a" through "e". In case of the  
19 absence or disability of the chairperson and vice chairperson,  
20 the members of the board shall elect a temporary chairperson  
21 by a majority vote of those members who are present and  
22 voting.

23 6. The members, except the director of the department of  
24 economic development, the treasurer of state, and the auditor  
25 of state, shall be appointed to three-year staggered terms and  
26 the terms shall commence and end as provided by section 69.19.  
27 If a vacancy occurs, a successor shall be appointed to serve  
28 the unexpired term. A successor shall be appointed in the  
29 same manner and subject to the same qualifications as the  
30 original appointment to serve the unexpired term.

31 7. A majority of the board constitutes a quorum.

32 Sec. 3. NEW SECTION. 15F.103 BOARD DUTIES.

33 The board shall do all of the following:

34 1. Organize.

35 2. Establish the vision Iowa program and the community

1 attraction and tourism program.

2 3. Oversee and provide approval of the administration of  
3 the vision Iowa program and the community attraction and  
4 tourism program by the department.

5 4. Request the treasurer of state to issue bonds on behalf  
6 of the board for purposes of the vision Iowa program.

7 Sec. 4. NEW SECTION. 15F.103A DEPARTMENT DUTIES.

8 The department, subject to approval by the board, shall  
9 adopt administrative rules pursuant to chapter 17A necessary  
10 to administer the community attraction and tourism program and  
11 the vision Iowa program. The department shall provide the  
12 board with assistance in implementing administrative  
13 functions, marketing the programs, providing technical  
14 assistance and application assistance to applicants under the  
15 programs, negotiating contracts, and providing project follow-  
16 up. The department, in cooperation with the treasurer of  
17 state, may conduct negotiations on behalf of the board with  
18 applicants regarding terms and conditions applicable to awards  
19 under the programs.

20 Sec. 5. NEW SECTION. 15F.104 COMPENSATION AND EXPENSES.

21 The members of the board are entitled to receive  
22 reimbursement for actual expenses incurred while engaged in  
23 the performance of official duties. A member of the board may  
24 also be eligible to receive compensation as provided in  
25 section 7E.6.

26 SUBCHAPTER II

27 COMMUNITY ATTRACTION AND TOURISM

28 PROGRAM AND FUND

29 Sec. 6. NEW SECTION. 15F.201 DEFINITIONS.

30 As used in this subchapter, unless the context otherwise  
31 requires:

32 1. "Fund" means the community attraction and tourism fund  
33 created in section 15F.204.

34 2. "Program" means the community attraction and tourism  
35 program established in section 15F.202.

1     Sec. 7. NEW SECTION. 15F.202 COMMUNITY ATTRACTION AND  
2 TOURISM PROGRAM.

3     1. The board shall establish and the department, subject  
4 to direction and approval by the board, shall administer a  
5 community attraction and tourism program to assist communities  
6 in the development and creation of multiple-purpose attraction  
7 and tourism facilities.

8     2. A city or county in the state or public organization  
9 may submit an application to the board for financial  
10 assistance for a project under the program. The assistance  
11 shall be in the form of grants, loans, forgivable loans, and  
12 loan guarantees. The application shall include, but not be  
13 limited to, the following information:

14     a. The total capital investment of the project, including  
15 but not limited to costs for construction, site acquisition,  
16 and infrastructure improvement.

17     b. The amount or percentage of local and private matching  
18 moneys which will be or have been provided for the project.

19     c. The total number of jobs to be created or retained by  
20 the project.

21     d. The need of the community for the project and for the  
22 financial assistance.

23     e. The long-term tax-generating impact of the project.

24     3. A school district, in cooperation with a city or  
25 county, may submit a joint application for financial  
26 assistance for a project under the program. The assistance  
27 shall be in the form of grants, loans, forgivable loans, and  
28 loan guarantees. In addition to the information required in  
29 subsection 2, the application shall include a demonstration  
30 that the intended future use of the project shall be by both  
31 joint applicants.

32     Sec. 8. NEW SECTION. 15F.203 COMMUNITY ATTRACTION AND  
33 TOURISM PROGRAM APPLICATION REVIEW.

34     1. Applications for assistance under the program shall be  
35 submitted to the department. For those applications that meet

1 the eligibility criteria, the department shall provide a staff  
2 review analysis and evaluation to the community attraction and  
3 tourism program review committee referred to in subsection 2  
4 and the board.

5 2. A review committee composed of five members of the  
6 board shall review community attraction and tourism program  
7 applications submitted to the board and make recommendations  
8 regarding the applications to the board. The review committee  
9 shall consist of members of the board listed in section  
10 15F.102, subsection 2, paragraphs "a" through "c".

11 3. When reviewing the applications, the review committee  
12 and the department shall consider, at a minimum, all of the  
13 following:

14 a. Whether the wages, benefits, including health benefits,  
15 safety, and other attributes of the project would improve the  
16 quality of attraction and tourism employment in the community.

17 b. The extent to which such a project would generate  
18 additional recreational and cultural attractions and tourism  
19 opportunities.

20 c. The ability of the project to produce a long-term tax-  
21 generating economic impact.

22 d. The location of the projects and geographic diversity  
23 of the applications.

24 e. The project is primarily a vertical infrastructure  
25 project with demonstrated substantial regional or statewide  
26 economic impact. For purposes of the program, "vertical  
27 infrastructure" means land acquisition and construction, major  
28 renovation and major repair of buildings, all appurtenant  
29 structures, utilities, site development, and recreational  
30 trails. "Vertical infrastructure" does not include routine,  
31 recurring maintenance or operational expenses or leasing of a  
32 building, appurtenant structure, or utility without a lease-  
33 purchase agreement.

34 f. Whether the applicant has received financial assistance  
35 under the program for the same project.

1 4. Upon review of the recommendations of the review  
2 committee, the board shall approve, defer, or deny the  
3 applications.

4 5. Upon approval of an application for financial  
5 assistance under the program, the board shall notify the  
6 treasurer of state regarding the amount of moneys needed to  
7 satisfy the award of financial assistance and the terms of the  
8 award. The treasurer of state shall notify the department  
9 anytime moneys are disbursed to a recipient of financial  
10 assistance under the program.

11 Sec. 9. NEW SECTION. 15F.204 COMMUNITY ATTRACTION AND  
12 TOURISM FUND.

13 1. A community attraction and tourism fund is created as a  
14 separate fund in the state treasury under the control of the  
15 board, consisting of any moneys appropriated by the general  
16 assembly and any other moneys available to and obtained or  
17 accepted by the board for placement in the fund.

18 2. Payments of interest, repayments of moneys loaned  
19 pursuant to this subchapter, and recaptures of grants or loans  
20 shall be deposited in the fund.

21 3. The fund shall be used to provide grants, loans,  
22 forgivable loans, and loan guarantees under the community  
23 attraction and tourism program established in section 15F.202.  
24 An applicant under the community attraction and tourism  
25 program shall not receive financial assistance from the fund  
26 in an amount exceeding fifty percent of the total cost of the  
27 project.

28 4. Moneys in the fund are not subject to section 8.33.  
29 Notwithstanding section 12C.7, subsection 2, interest or  
30 earnings on moneys in the fund shall be credited to the fund.

31 5. At the beginning of each fiscal year, the board shall  
32 allocate all moneys in the fund in the following manner:

33 a. One-third of the moneys shall be allocated to provide  
34 assistance to cities and counties which meet the following  
35 criteria:

1 (1) A city which has a population of ten thousand or less  
2 according to the most recently published census.

3 (2) A county which has a population that ranks in the  
4 bottom thirty-three counties according to the most recently  
5 published census.

6 b. Two-thirds of the moneys shall be allocated to provide  
7 assistance to any city and county in the state, which may  
8 include a city or county included under paragraph "a".

9 6. If two or more cities or counties submit a joint  
10 project application for financial assistance under the  
11 program, all joint applicants must meet the criteria of  
12 subsection 5, paragraph "a", in order to receive any moneys  
13 allocated under that paragraph.

14 7. If any portion of the allocated moneys under subsection  
15 5, paragraph "a", has not been awarded by April 1 of the  
16 fiscal year for which the allocation is made, the portion  
17 which has not been awarded may be utilized by the board to  
18 provide financial assistance under the program to any city or  
19 county in the state.

20 SUBCHAPTER III

21 VISION IOWA PROGRAM

22 Sec. 10. NEW SECTION. 15F.301 DEFINITIONS.

23 As used in this subchapter, unless the context otherwise  
24 requires:

25 1. "Fund" means the vision Iowa fund created in section  
26 12.72.

27 2. "Program" means the vision Iowa program established in  
28 section 15F.302.

29 Sec. 11. NEW SECTION. 15F.302 VISION IOWA PROGRAM.

30 1. The board shall establish and the department, subject  
31 to direction and approval by the board, shall administer a  
32 vision Iowa program to assist communities in the development  
33 of major tourism facilities.

34 2. A city or county or a public organization in the state  
35 may submit an application to the board for financial



1 assistance for a project under the program. For purposes of  
2 this subsection, "public organization" means a nonprofit  
3 economic development organization or other nonprofit  
4 organization that sponsors or supports community or tourism  
5 attractions and activities. The financial assistance from the  
6 fund shall be in the form of grants, loans, forgivable loans,  
7 pledges, and guarantees. The application shall include, but  
8 not be limited to, the following information:

9 a. The total capital investment of the project, including  
10 but not limited to costs for construction, site acquisition,  
11 and infrastructure improvement.

12 b. A description of the proposed financing including the  
13 amount or percentage of local and private matching moneys to  
14 be provided for the project.

15 c. The total number of jobs to be created or retained by  
16 the project.

17 d. The need of the community for the project and for  
18 financial assistance.

19 e. The long-term tax-generating impact of the project.

20 f. A discussion of how the project meets other criteria  
21 established in this subchapter.

22 g. The projected long-term economic viability of the  
23 project, including projected revenues and expenses.

24 3. A school district, in cooperation with a city or  
25 county, may submit a joint application for financial  
26 assistance for a project under the program. The financial  
27 assistance shall be in the form of grants, loans, forgivable  
28 loans, and loan guarantees. In addition to the information  
29 required in subsection 2, the application shall include a  
30 demonstration that the intended future use of the project  
31 shall be by both joint applicants.

32 Sec. 12. NEW SECTION. 15F.303 ELIGIBILITY.

33 1. The total cost for a project must be at least twenty  
34 million dollars in order for an applicant to receive financial  
35 assistance under the program.

- 1        2. An applicant must demonstrate financial and  
2 nonfinancial support for the project which may be from a  
3 public or private source. Nonfinancial support may include,  
4 but is not limited to, the value of labor and services, real  
5 and personal property donated for purposes of the project, and  
6 the use of real and personal property for purposes of the  
7 project. The financial and nonfinancial support for the  
8 project described under this subsection shall equal at least  
9 fifty percent of the total cost of the project.
- 10       3. In order for a project to be eligible to receive  
11 financial assistance, the project must satisfy all of the  
12 following criteria:
- 13       a. The project is primarily a vertical infrastructure  
14 project with demonstrated substantial regional or statewide  
15 economic impact. For purposes of the program, "vertical  
16 infrastructure" means land acquisition and construction, major  
17 renovation and major repair of buildings, all appurtenant  
18 structures, utilities, site development, and recreational  
19 trails. "Vertical infrastructure" does not include routine,  
20 recurring maintenance or operational expenses or leasing of a  
21 building, appurtenant structure, or utility without a lease-  
22 purchase agreement.
- 23       b. The project supports or is strategically aligned with  
24 other existing regional or statewide cultural, recreational,  
25 entertainment, or educational activities.
- 26       c. The project provides benefits to persons living outside  
27 the county in which the project is located.
- 28       d. The project will increase the diversity of activities  
29 available to citizens, workers, families, and tourists, and  
30 enhance recruitment and retention of young people as  
31 residents.
- 32       e. The project has economic or other obstacles impeding  
33 local financing of the project.
- 34       f. The project shall attract visitors from outside the  
35 state.

1 4. The board shall not approve an application for  
2 assistance for any of the following purposes:

3 a. To refinance a loan existing prior to the initial  
4 application date.

5 b. For a project that has previously received assistance  
6 under the program, unless the applicant demonstrates that the  
7 assistance would be used for a significant expansion of a  
8 project.

9 Sec. 13. NEW SECTION. 15F.304 VISION IOWA PROGRAM  
10 APPLICATION REVIEW.

11 1. Applications for assistance under the program shall be  
12 submitted to the department. For those applications that meet  
13 the eligibility criteria, the department shall provide a staff  
14 review and evaluation to the vision Iowa program review  
15 committee referred to in subsection 2 and the board.

16 2. A review committee composed of eight members of the  
17 board shall review vision Iowa program applications submitted  
18 to the board and make recommendations regarding the  
19 applications to the board. The review committee shall consist  
20 of members of the board listed in section 15F.102, subsection  
21 2, paragraphs "d" through "h".

22 3. When reviewing the applications, the review committee  
23 and the department shall consider, in addition to other  
24 criteria established in this subchapter, all of the following:

25 a. Whether wages, benefits, including health benefits,  
26 safety, and other attributes of the project would improve the  
27 quality of other existing regional or statewide cultural,  
28 recreational, entertainment, and educational activities or  
29 employment in the community.

30 b. The extent to which the project would generate  
31 additional attraction and tourism opportunities.

32 c. The ability of the project to produce a long-term tax-  
33 generating economic impact in excess of the proposed financial  
34 assistance from the vision Iowa fund.

35 d. The geographic diversity of the project in combination

1 with other proposed projects.

2 e. The investment of the city, county, or region in the  
3 overall project.

4 f. Other funding mechanisms.

5 g. The long-term economic viability of the project.

6 4. Upon review of the recommendations of the review  
7 committee, the board shall approve, defer, or deny the  
8 applications.

9

#### DIVISION II

10 Sec. 14. NEW SECTION. 12.71 GENERAL AND SPECIFIC BONDING  
11 POWERS -- VISION IOWA PROGRAM.

12 1. The treasurer of state may issue bonds upon the request  
13 of the vision Iowa board created in section 15F.102 and do all  
14 things necessary with respect to the purposes of the vision  
15 Iowa fund. The treasurer of state shall have all of the  
16 powers which are necessary to issue and secure bonds and carry  
17 out the purposes of the fund. The treasurer of state may  
18 issue bonds in principal amounts which, in the opinion of the  
19 board, are necessary to provide sufficient funds for the  
20 vision Iowa fund created in section 12.72, the payment of  
21 interest on the bonds, the establishment of reserves to secure  
22 the bonds, the costs of issuance of the bonds, other  
23 expenditures of the treasurer of state incident to and  
24 necessary or convenient to carry out the bond issue for the  
25 fund, and all other expenditures of the board necessary or  
26 convenient to administer the fund; provided, however,  
27 excluding the issuance of refunding bonds, bonds issued  
28 pursuant to section 12.71 shall not be issued in an aggregate  
29 principal amount which exceeds three hundred million dollars.  
30 The bonds are investment securities and negotiable instruments  
31 within the meaning of and for purposes of the uniform  
32 commercial code.

33 2. Bonds issued under this section are payable solely and  
34 only out of the moneys, assets, or revenues of the vision Iowa  
35 fund and any bond reserve funds established pursuant to

1 section 12.72, all of which may be deposited with trustees or  
2 depositories in accordance with bond or security documents and  
3 pledged by the board to the payment thereof. Bonds issued  
4 under this section shall contain on their face a statement  
5 that the bonds do not constitute an indebtedness of the state.  
6 The treasurer of state shall not pledge the credit or taxing  
7 power of this state or any political subdivision of this state  
8 or make bonds issued pursuant to this section payable out of  
9 any moneys except those in the vision Iowa fund.

10 3. The proceeds of bonds issued by the treasurer of state  
11 and not required for immediate disbursement may be deposited  
12 with a trustee or depository as provided in the bond documents  
13 and invested or reinvested in any investment as directed by  
14 the board and specified in the trust indenture, resolution, or  
15 other instrument pursuant to which the bonds are issued  
16 without regard to any limitation otherwise provided by law.

17 4. The bonds shall be:

18 a. In a form, issued in denominations, executed in a  
19 manner, and payable over terms and with rights of redemption,  
20 and be subject to such other terms and conditions as  
21 prescribed in the trust indenture, resolution, or other  
22 instrument authorizing their issuance.

23 b. Negotiable instruments under the laws of the state and  
24 may be sold at prices, at public or private sale, and in a  
25 manner, as prescribed by the treasurer of state. Chapters  
26 73A, 74, 74A, and 75 do not apply to the sale or issuance of  
27 the bonds.

28 c. Subject to the terms, conditions, and covenants  
29 providing for the payment of the principal, redemption  
30 premiums, if any, interest, and other terms, conditions,  
31 covenants, and protective provisions safeguarding payment, not  
32 inconsistent with this section and as determined by the trust  
33 indenture, resolution, or other instrument authorizing their  
34 issuance.

35 5. The bonds are securities in which public officers and

1 bodies of this state; political subdivisions of this state;  
2 insurance companies and associations and other persons  
3 carrying on an insurance business; banks, trust companies,  
4 savings associations, savings and loan associations, and  
5 investment companies; administrators, guardians, executors,  
6 trustees, and other fiduciaries; and other persons authorized  
7 to invest in bonds or other obligations of the state, may  
8 properly and legally invest funds, including capital, in their  
9 control or belonging to them.

10 6. Bonds must be authorized by a trust indenture,  
11 resolution, or other instrument of the treasurer of state  
12 approved by the board. However, a trust indenture,  
13 resolution, or other instrument authorizing the issuance of  
14 bonds may delegate to an officer of the board the power to  
15 negotiate and fix the details of an issue of bonds.

16 7. Neither the resolution, trust agreement, nor any other  
17 instrument by which a pledge is created needs to be recorded  
18 or filed under the Iowa uniform commercial code to be valid,  
19 binding, or effective.

20 8. Bonds issued under the provisions of this section are  
21 declared to be issued for a general public and governmental  
22 purpose and all bonds issued under this section shall be  
23 exempt from taxation by the state of Iowa and the interest on  
24 the bonds shall be exempt from the state income tax and the  
25 state inheritance and estate tax.

26 9. Subject to the terms of any bond documents, moneys in  
27 the vision Iowa fund may be expended for administration  
28 expenses.

29 10. The treasurer of state may issue bonds for the purpose  
30 of refunding any bonds or notes issued pursuant to this  
31 section then outstanding, including the payment of any  
32 redemption premiums thereon and any interest accrued or to  
33 accrue to the date of redemption of the outstanding bonds or  
34 notes. Until the proceeds of bonds issued for the purpose of  
35 refunding outstanding bonds or notes are applied to the

1 purchase or retirement of outstanding bonds or notes or the  
2 redemption of outstanding bonds or notes, the proceeds may be  
3 placed in escrow and be invested and reinvested in accordance  
4 with the provisions of this section. The interest, income,  
5 and profits earned or realized on an investment may also be  
6 applied to the payment of the outstanding bonds or notes to be  
7 refunded by purchase, retirement, or redemption. After the  
8 terms of the escrow have been fully satisfied and carried out,  
9 any balance of proceeds and interest earned or realized on the  
10 investments may be returned to the board for deposit in the  
11 vision Iowa fund established in section 12.72. All refunding  
12 bonds shall be issued and secured and subject to the  
13 provisions of this chapter in the same manner and to the same  
14 extent as other bonds issued pursuant to this section.

15 Sec. 15. NEW SECTION. 12.72 VISION IOWA AND RESERVE  
16 FUNDS.

17 1. A vision Iowa fund is created and established as a  
18 separate and distinct fund in the state treasury. The moneys  
19 in the fund are appropriated to the board for purposes of the  
20 vision Iowa program established in section 15F.302. Moneys in  
21 the fund shall not be subject to appropriation for any other  
22 purpose by the general assembly, but shall be used only for  
23 the purposes of the vision Iowa fund. The treasurer of state  
24 shall act as custodian of the fund and disburse moneys  
25 contained in the fund as directed by the board, including  
26 automatic disbursements of funds received pursuant to the  
27 terms of bond indentures and documents and security provisions  
28 to trustees. The fund shall be administered by the board  
29 which shall make expenditures from the fund consistent with  
30 the purposes of the vision Iowa program without further  
31 appropriation. An applicant under the vision Iowa program  
32 shall not receive more than seventy-five million dollars in  
33 financial assistance from the fund.

34 2. Revenue for the vision Iowa fund shall include, but is  
35 not limited to, the following, which shall be deposited with

1 the treasurer of state or its designee as provided by any bond  
2 or security documents and credited to the fund:

3 a. The proceeds of bonds issued to capitalize and pay the  
4 costs of the fund and investment earnings on the proceeds.

5 b. Interest attributable to investment of money in the  
6 fund or an account of the fund.

7 c. Moneys in the form of a devise, gift, bequest,  
8 donation, federal or other grant, reimbursement, repayment,  
9 judgment, transfer, payment, or appropriation from any source  
10 intended to be used for the purposes of the fund.

11 3. Moneys in the vision Iowa fund are not subject to  
12 section 8.33. Notwithstanding section 12C.7, subsection 2,  
13 interest or earnings on moneys in the fund shall be credited  
14 to the fund.

15 4. The treasurer of state may establish reserve funds to  
16 secure one or more issues of bonds or notes issued pursuant to  
17 section 12.71. The treasurer of state may deposit in a  
18 reserve fund established under this subsection the proceeds of  
19 the sale of bonds or notes and other money which is made  
20 available from any other source. The treasurer of state may  
21 allow a reserve fund established under this subsection to be  
22 depleted.

23 Sec. 16. NEW SECTION. 12.73 PLEDGES.

24 1. It is the intention of the general assembly that a  
25 pledge made in respect of bonds or notes shall be valid and  
26 binding from the time the pledge is made, that the money or  
27 property so pledged and received after the pledge by the  
28 authority shall immediately be subject to the lien of the  
29 pledge without physical delivery or further act, and that the  
30 lien of the pledge shall be valid and binding as against all  
31 parties having claims of any kind in tort, contract, or  
32 otherwise against the treasurer of state whether or not the  
33 parties have notice of the lien.

34 2. The state pledges to and agrees with the holders of  
35 bonds or notes issued under section 12.71, that the state will



1 not limit or alter the rights and powers vested in the board  
2 or the treasurer of state to fulfill the terms of a contract  
3 made with respect to the bonds or notes, or in any way impair  
4 the rights and remedies of the holders until the bonds and  
5 notes, together with the interest on them including interest  
6 on unpaid installments of interest, are fully met and  
7 discharged.

8 Sec. 17. NEW SECTION. 12.74 PROJECTS.

9 1. The vision Iowa board may undertake a project for two  
10 or more applicants jointly or for any combination of  
11 applicants, and may combine for financing purposes, with the  
12 consent of all of the applicants which are involved, the  
13 project and some or all future projects of any applicant, and  
14 sections 12.71, 12.72, and 12.73, this section, and sections  
15 12.75 and 12.76 apply to and for the benefit of the vision  
16 Iowa board and the joint applicants. However, the money set  
17 aside in a fund or funds pledged for any series or issue of  
18 bonds or notes shall be held for the sole benefit of the  
19 series or issue separate and apart from money pledged for  
20 another series or issue of bonds or notes of the treasurer of  
21 state. To facilitate the combining of projects, bonds or  
22 notes may be issued in series under one or more resolutions or  
23 trust agreements and may be fully open-ended, thus providing  
24 for the unlimited issuance of additional series, or partially  
25 open-ended, limited as to additional series.

26 2. For purposes of this section, "applicant" means a city  
27 or county or public organization applying for financial  
28 assistance under the vision Iowa program established in  
29 section 15F.302.

30 Sec. 18. NEW SECTION. 12.75 LIMITATIONS.

31 Bonds or notes issued pursuant to section 12.71 are not  
32 debts of the state, or of any political subdivision of the  
33 state and do not constitute a pledge of the faith and credit  
34 of the state or a charge against the general credit or general  
35 fund of the state. The issuance of any bonds or notes

1 pursuant to section 12.71 by the treasurer of state does not  
2 directly, indirectly, or contingently obligate the state or a  
3 political subdivision of the state to apply moneys from, or to  
4 levy or pledge any form of taxation whatever, to the payment  
5 of the bonds or notes. Bonds and notes issued under section  
6 12.71 are payable solely and only from the sources and special  
7 fund provided in section 12.72.

8 Sec. 19. NEW SECTION. 12.76 CONSTRUCTION.

9 Sections 12.71 through 12.75, being necessary for the  
10 welfare of this state and its inhabitants, shall be liberally  
11 construed to effect its purposes.

12 DIVISION III

13 Sec. 20. NEW SECTION. 292.1 DEFINITIONS.

14 As used in this chapter, unless the context otherwise  
15 requires:

16 1. "Capacity per pupil" means the sum of a school  
17 district's property tax infrastructure capacity per pupil and  
18 the sales tax capacity per pupil.

19 2. "Committee" means the school budget review committee  
20 established in section 257.30.

21 3. "Department" means the department of education  
22 established in section 256.1.

23 4. "Fund" means the school infrastructure fund created in  
24 section 292.3.

25 5. "Local match percentage" means a percentage equivalent  
26 to either of the following, whichever is less:

27 a. Fifty percent.

28 b. The quotient of a school district's capacity per pupil  
29 divided by the capacity per pupil of the school district at  
30 the fortieth percentile, multiplied by fifty, except that the  
31 percentage in this paragraph shall not be less than twenty  
32 percent.

33 6. "Program" means the school infrastructure program  
34 established in section 292.2.

35 7. "Property tax infrastructure capacity per pupil" means

1 the sum of a school district's levies under sections 298.2 and  
2 298.18 when the levies are imposed to the maximum extent  
3 allowable under law in the budget year divided by the school  
4 district's basic enrollment for the budget year.

5 8. "Sales tax capacity per pupil" means the estimated  
6 amount of revenues that a school district receives or would  
7 receive if a local sales and services tax for school  
8 infrastructure is imposed at one percent pursuant to section  
9 422E.2, divided by the school district's basic enrollment for  
10 the budget year. For the budget year beginning July 1, 2000,  
11 the school district's actual enrollment shall be used in the  
12 calculation in place of the school district's basic enrollment  
13 for the budget year.

14 9. "School infrastructure" means activities initiated on  
15 or after July 1, 2000, as authorized in section 296.1 but does  
16 not include those activities related to stadiums, bus barns, a  
17 home or homes of a teacher or superintendent, procuring and  
18 improving a site for an athletic field, or improving a site  
19 already owned for an athletic field.

20 Sec. 21. NEW SECTION. 292.2 SCHOOL INFRASTRUCTURE  
21 PROGRAM.

22 1. a. The department shall establish and administer a  
23 school infrastructure program to provide financial assistance  
24 in the form of grants to school districts with school  
25 infrastructure needs.

26 b. The department of education, in consultation with the  
27 department of management, shall annually compute the property  
28 tax infrastructure capacity per pupil for each school district  
29 in the state.

30 c. The department of education, in consultation with the  
31 department of revenue and finance and the legislative fiscal  
32 bureau, shall annually calculate the estimated sales and  
33 services tax for school infrastructure, if imposed at one  
34 percent, that is or would be received by each school district  
35 in the state pursuant to section 422E.3. These calculations

1 shall be made on a total tax and on a tax per pupil basis for  
2 each school district.

3 d. The department of education, in consultation with the  
4 department of revenue and finance and the department of  
5 management, shall annually compute capacity per pupil and the  
6 local match percentage for each school district in the state.  
7 The initial calculations shall be released not later than  
8 January 1, 2001. For all calculations thereafter, the  
9 calculations shall be released not later than July 1 of each  
10 year.

11 2. a. A school district's local match requirement is  
12 equivalent to the total investment of a project multiplied by  
13 the school district's local match percentage. A school  
14 district may submit an application to the department for  
15 financial assistance under the program if the school district  
16 meets the district's local match requirement through one or  
17 more of the following sources:

18 (1) The issuance of bonds pursuant to section 298.18.

19 (2) Local sales and services tax moneys received pursuant  
20 to section 422E.3.

21 (3) A physical plant and equipment levy under chapter 298.

22 (4) Other moneys locally obtained by the school district  
23 excluding other state or federal grant moneys.

24 b. If the project is in collaboration with other public or  
25 private entities, the school district shall be eligible to  
26 apply for only the school district's portion of the project.  
27 As such, state or federal grants received by the other  
28 entities cannot be used toward the local match requirement  
29 under paragraph "a", subparagraph (4).

30 c. A school district may submit an application for a  
31 project which includes activities at more than one attendance  
32 center. However, if the activities relate to new  
33 construction, the project shall only relate to one attendance  
34 center.

35 d. A school district may submit an application for

1 conditional approval to the department for financial  
2 assistance under the program if the school district submits a  
3 plan for securing the school district's local match  
4 requirement under paragraph "a". If a school district does  
5 not meet the local match requirement of paragraph "a" within  
6 nine months of receiving conditional approval from the  
7 department, the application for financial assistance shall be  
8 denied by the department and the financial assistance shall be  
9 carried forward to be made available under the allocation  
10 provided under subsection 4, paragraph "d", for the next  
11 available grant cycle.

12 e. For the fiscal year beginning July 1, 2000,  
13 applications shall be submitted to the department by March 1,  
14 2001. For the fiscal year beginning July 1, 2001, and every  
15 fiscal year thereafter, applications shall be submitted to the  
16 department by October 15 of each year.

17 f. For the fiscal year beginning July 1, 2000, the  
18 department shall notify all approved applicants by May 1,  
19 2001, regarding the approval of the application. For the  
20 fiscal year beginning July 1, 2001, and every fiscal year  
21 thereafter, the department shall notify all approved  
22 applicants by December 15 of each year regarding the approval  
23 of the application.

24 g. An applicant which is not successful in obtaining  
25 financial assistance under the program may reapply for  
26 financial assistance in succeeding years.

27 3. The application shall include, but shall not be limited  
28 to, the following information:

29 a. The total capital investment of the project.

30 b. The amount and percentage of moneys which the school  
31 district will be providing for the project.

32 c. The infrastructure needs of the school district,  
33 especially the fire and health safety needs of the school  
34 district, and including the extent to which the project would  
35 allow the school district to meet the infrastructure needs of

1 the school district on a long-term basis.

2 d. The financial assistance needed by the school district  
3 based upon the capacity per pupil.

4 e. Any previous efforts by the school district to secure  
5 infrastructure funding from federal, state, or local  
6 resources, including any funding received for any project  
7 under the Iowa demonstration construction grant program. The  
8 previous efforts shall be evaluated on a case-by-case basis.

9 f. Evidence that the school district meets or will meet  
10 the local match requirement in subsection 2, paragraph "a".

11 g. The nature of the proposed project and its relationship  
12 to improving educational opportunities for the students.

13 h. Evidence that the school district has reorganized on or  
14 after July 1, 2000, or that the school district has initiated  
15 a resolution to reorganize by July 1, 2004, or entered into an  
16 innovative collaboration with another school district or  
17 school districts.

18 i. Evidence that the school district receives sales and  
19 services tax for school infrastructure funding under section  
20 422E.3.

21 4. A school district shall not receive more than one grant  
22 under the program. The financial assistance shall be in the  
23 form of grants and shall be allocated in the following manner:

24 a. Twenty-five percent of the financial assistance each  
25 year shall be awarded to school districts with an enrollment  
26 of one thousand one hundred ninety-nine students or less.

27 b. Twenty-five percent of the financial assistance each  
28 year shall be awarded to school districts with an enrollment  
29 of more than one thousand one hundred ninety-nine students but  
30 not more than four thousand seven hundred fifty students.

31 c. Twenty-five percent of the financial assistance each  
32 year shall be awarded to school districts with an enrollment  
33 of more than four thousand seven hundred fifty students.

34 d. Twenty-five percent of the financial assistance each  
35 year, any financial assistance not awarded under paragraphs

1 "a" through "c", and financial assistance not awarded in  
2 previous fiscal years shall be awarded to school districts  
3 with any size enrollment.

4 5. A district shall receive the lesser of one million  
5 dollars of financial assistance under the program, or the  
6 total capital investment of the project minus the local match  
7 requirement. The program shall provide grants each year for a  
8 period of five years.

9 6. The school budget review committee shall review all  
10 applications for financial assistance under the program and  
11 make recommendations regarding the applications to the  
12 department. The department shall make the final determination  
13 on grant awards. The school budget review committee shall  
14 base the recommendations on the criteria established pursuant  
15 to subsections 3 and 7.

16 7. The department shall form a task force to review  
17 applications for financial assistance and provide  
18 recommendations to the school budget review committee. The  
19 task force shall include, at a minimum, representatives from  
20 the kindergarten through grade twelve education community, the  
21 state fire marshal, and individuals knowledgeable in school  
22 infrastructure and construction issues. The department, in  
23 consultation with the task force, shall establish the  
24 parameters and the details of the criteria for awarding grants  
25 based on the information listed in subsection 3, including  
26 greater priority to the following:

27 a. A school district with a lower capacity per pupil.

28 b. A school district whose plans address specific occupant  
29 safety issues.

30 c. A school district reorganizing or collaborating as  
31 described in subsection 3, paragraph "h".

32 d. A school district for which a sales and services tax  
33 for school infrastructure has not been imposed pursuant to  
34 section 422E.2 or a school district receiving minimal revenues  
35 under section 422E.3 when the total enrollment of the school

1 district is considered.

2 8. An applicant receiving financial assistance under the  
3 program shall submit a progress report to the department of  
4 education as requested by the department which shall include a  
5 description of the activities under the project, the status of  
6 the implementation of the project, and any other information  
7 required by the department.

8 Sec. 22. NEW SECTION. 292.3 SCHOOL INFRASTRUCTURE FUND.

9 1. A school infrastructure fund is created in the state  
10 treasury under the control of the department consisting of  
11 moneys appropriated by the general assembly and any other  
12 moneys available to and obtained by the department for  
13 placement in the fund.

14 2. The fund shall be used to provide financial assistance  
15 in the form of grants under the school infrastructure program.

16 3. Moneys in the fund are not subject to section 8.33.

17 Sec. 23. NEW SECTION. 292.4 RULES.

18 The department shall adopt rules, pursuant to chapter 17A,  
19 necessary for administering the school infrastructure program  
20 and fund.

21 Sec. 24. Section 384.95, subsection 1, Code 1999, is  
22 amended to read as follows:

23 1. "Public improvement" means any building or construction  
24 work, either within or outside the corporate limits of a city,  
25 to be paid for in whole or in part by the use of funds of the  
26 city, regardless of sources, including a building or  
27 improvement constructed or operated jointly with any other  
28 public or private agency, but excluding urban renewal  
29 demolition and low-rent housing projects, industrial aid  
30 projects authorized under chapter 419, emergency work or work  
31 performed by employees of a city or a city utility.

32 Sec. 25. Sections 15.371 through 15.373, Code Supplement  
33 1999, are repealed.

34 Sec. 26. REPEAL AND REENACTMENT -- CONTINUATION. The  
35 repeal and reenactment of Code sections relating to the



1 community attraction and tourism development program and the  
2 community attraction and tourism development fund are intended  
3 to be a continuation of the prior statutes and not a new  
4 enactment, so far as the new enactment is the same as the  
5 prior statutes. The repeal and reenactment of Code sections  
6 relating to the community attraction and tourism development  
7 program and the community attraction and tourism development  
8 fund shall not cause moneys in the current community  
9 attraction and tourism development fund to revert to any other  
10 fund but such moneys shall remain in the community attraction  
11 and tourism fund established in Code section 15F.204 for  
12 expenditure for subsequent fiscal years. The repeal and  
13 reenactment of Code sections relating to the community  
14 attraction and tourism development program and the community  
15 attraction and tourism development fund shall not nullify any  
16 awards made under the program based on appropriations made in  
17 1999 Iowa Acts, chapter 204, section 3, subsection 2, for the  
18 fiscal years beginning July 1, 1999, and July 1, 2000.

19 Sec. 27. This Act prevails over the provisions of 2000  
20 Iowa Acts, House File 2392, if enacted, relating to any  
21 amendments to the community attraction and tourism development  
22 program and fund, which provisions are void.

23 EXPLANATION

24 This bill creates a vision Iowa board to establish a  
25 community attraction and tourism program and a vision Iowa  
26 program. The bill provides that the department of economic  
27 development shall administer both programs subject to approval  
28 by the board. The bill provides that the board consists of 13  
29 members, with most members appointed for three-year staggered  
30 terms. The bill provides that the board shall be located  
31 within the department of economic development for  
32 administrative purposes. The bill provides for the  
33 compensation and reimbursement of expenses of board members.

34 The bill provides for the repeal of sections in the Code  
35 relating to the community attraction and tourism development

1 program and fund, moves these sections to new Code chapter  
2 15F, and changes the name to the community attraction and  
3 tourism program and fund. The program is designed to assist  
4 communities in the development and creation of multiple-  
5 purpose attraction and tourism facilities. The bill amends  
6 these sections by allowing a school district to submit a joint  
7 application for financial assistance with a city or county.  
8 The bill amends these sections by providing that an applicant  
9 shall not receive financial assistance in an amount exceeding  
10 50 percent of the total cost of a project. The bill amends  
11 these sections by providing for a review committee consisting  
12 of certain members of the board to review the applications for  
13 assistance and make recommendations to the board. The bill  
14 provides that the department shall provide a staff review  
15 analysis and evaluation of the program applications to the  
16 review committee and the board. The bill provides that upon  
17 review of the recommendations of the review committee, the  
18 board shall approve, defer, or deny the applications. The  
19 bill also amends these sections by providing for the  
20 allocation of one-third of the moneys in the fund to provide  
21 assistance to cities with a population of 10,000 or less  
22 according to the most recently published census and to  
23 counties with a population that ranks in the bottom 33  
24 counties according to the most recently published census. The  
25 bill provides that any allocated moneys which are not awarded  
26 by April 1 of each fiscal year may be utilized to provide  
27 assistance to any city or county in the state.

28 The bill provides for the establishment of the vision Iowa  
29 program. The bill provides that the program is designed to  
30 assist communities in the development of major tourism  
31 facilities. The bill provides a review committee consisting  
32 of certain members of the board to review the applications for  
33 assistance and make recommendations to the board. The bill  
34 provides that the department shall provide a staff review and  
35 evaluation of the program applications to the review committee

1 and the board. The bill provides that upon review of the  
2 recommendations of the review committee, the board shall  
3 approve, defer, or deny the applications. The bill provides  
4 that the total cost of a project must be at least \$20 million  
5 in order for an applicant to receive assistance. The bill  
6 provides that financial and nonfinancial support for the  
7 project, which may be from a public or private source, must be  
8 demonstrated by the applicant and such support must be at  
9 least 50 percent of the total cost of the project. The bill  
10 provides that assistance under the program shall not be used  
11 to refinance a loan or debt and a project shall not receive  
12 more than one award under the program unless the applicant  
13 demonstrates that the assistance would be used for a  
14 significant expansion of the project.

15 The bill provides the treasurer of state with powers  
16 relating to issuance of bonds and the deposit or disbursement  
17 of bond proceeds. The bill provides that the bonds are  
18 payable solely and only out of the moneys, assets, or revenues  
19 of the vision Iowa fund and any bond reserve funds. The bill  
20 provides for the form the bonds shall take. The bill provides  
21 for persons authorized to invest in the bonds, the manner in  
22 which the bonds shall be authorized, and that the  
23 authorization does not need to be recorded to be valid and  
24 binding. The bill provides that the interest on the bonds  
25 shall be exempt from the state income tax and the state  
26 inheritance and estate tax. The bill allows the moneys in the  
27 vision Iowa fund to be used for administrative purposes and  
28 allows the treasurer of state to issue refunding bonds.

29 The bill provides for the creation of a vision Iowa fund as  
30 a separate and distinct fund in the state treasury to be used  
31 for purposes of the vision Iowa program. The bill provides  
32 that revenue for the fund shall include proceeds of bonds  
33 issued to capitalize the fund and other moneys received for  
34 purposes of the fund. The bill provides that an applicant  
35 shall not receive more than \$75 million in financial

1 assistance from the fund. The bill provides the treasurer of  
2 state with the power to establish reserve funds to secure one  
3 or more issues of its bonds or notes.

4 The bill provides for the binding and valid nature of a  
5 pledge made in respect of bonds or notes issued by the  
6 treasurer of state. The bill provides that the state will not  
7 limit or alter the rights and powers vested in the board or  
8 the treasurer of state to fulfill the terms of a contract made  
9 with respect to bonds or notes.

10 The bill provides the board with the ability to undertake a  
11 project for two or more applicants jointly and combine, for  
12 financing purposes, a project with some or all future projects  
13 of an applicant.

14 The bill provides that the bonds and notes issued by the  
15 treasurer of state are not debts of the state or of any  
16 political subdivision of the state or a pledge of the faith  
17 and credit of the state or of any political subdivision.

18 The bill provides for the liberal construction of the  
19 bonding provisions of the bill.

20 The bill provides that repeal and reenactment of Code  
21 sections relating to the community attraction and tourism  
22 development program and fund are intended to be a continuation  
23 of the prior statutes and that moneys in the current community  
24 attraction and tourism fund shall not revert to any other  
25 fund.

26 The bill creates a school infrastructure program and fund  
27 to provide financial assistance in the form of grants to  
28 certain school districts with infrastructure needs. The bill  
29 provides that a school district may apply for financial  
30 assistance under the program if the school meets the school  
31 district's local match percentage through the issuance of  
32 bonds, the local sales and services tax for school  
33 infrastructure moneys received pursuant to section 422E.3, a  
34 physical plant and equipment levy under Code chapter 298, or  
35 other moneys locally obtained by the school district excluding

1 other state or federal grants. The bill provides that the  
2 local match percentage means the lesser of 50 percent or the  
3 quotient of the school district's capacity per pupil divided  
4 by the capacity per pupil for the school district at the  
5 fortieth percentile multiplied by 50. However, the bill  
6 provides that the local match percentage shall not be less  
7 than 20 percent. The bill provides that a school district's  
8 local match requirement is equivalent to the total investment  
9 of a project multiplied by the school district's local match  
10 percentage. The bill provides for the calculation of capacity  
11 per pupil by the department of education, in consultation with  
12 the department of revenue and finance, the department of  
13 management, and the legislative fiscal bureau. The bill  
14 provides that a school district may apply for conditional  
15 approval of a grant in order to secure the remaining costs of  
16 the project.

17 The department is required to form a task force to review  
18 applications for financial assistance under the school  
19 infrastructure program and provide recommendations to the  
20 school budget review committee.

21 The bill requires the school budget review committee to  
22 review all applications for financial assistance to determine  
23 qualifying grant recipients and to make recommendations to the  
24 department of education, with the department making final  
25 grant awards. The school budget review committee's  
26 recommendations shall be based on certain criteria. The bill  
27 provides that, under the program, grants shall be awarded each  
28 year plus any unexpended moneys from previous years for a  
29 period of five years. The bill provides that a school  
30 district shall not receive more than one grant under the  
31 program and that the grant shall equal the lesser of \$1  
32 million or the total capital investment of the project minus  
33 the local match requirement.

34 The bill provides that applicants receiving financial  
35 assistance under the program shall submit a progress report to

1 the department of education as requested by the department.

2 The bill amends the definition of public improvement in  
3 Code chapter 384 to exclude urban renewal demolition.

4 The bill provides that this bill shall prevail over  
5 provisions of 2000 Iowa Acts, House File 2392, if enacted,  
6 relating to any amendments to the community attraction and  
7 tourism development program and fund, which provisions are  
8 void.

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## HOUSE FILE 2577

H-8969

1 Amend House File 2577 as follows:

2 1. Page 3, by inserting after line 25 the  
3 following:

4 "Sec. \_\_\_\_ . NEW SECTION. 15F.105 BENEFITS.

5 Any applicant awarded financial assistance by the  
6 board under both the vision Iowa program established  
7 in section 15F.302 and the community attraction and  
8 tourism program established in section 15F.202 shall  
9 provide and pay at least fifty percent of the cost of  
10 a standard medical insurance plan for all full-time  
11 employees working at the project after the completion  
12 of the project for which financial assistance was  
13 received."

14 2. Page 9, line 27, by inserting after the word  
15 "located" the following: "or to persons living  
16 outside the state".

17 3. Page 9, by striking lines 34 and 35.

18 4. Page 17, by inserting after line 11 the  
19 following:

20 "Sec. \_\_\_\_ . NEW SECTION. 12.81 GENERAL AND  
21 SPECIFIC BONDING POWERS -- SCHOOL INFRASTRUCTURE  
22 PROGRAM.

23 1. The treasurer of state may issue bonds for  
24 purposes of the school infrastructure program  
25 established in section 292.2. Excluding the issuance  
26 of refunding bonds, the treasurer of state shall not  
27 issue bonds which result in the deposit of bond  
28 proceeds of more than fifty million dollars into the  
29 school infrastructure fund. The treasurer of state  
30 shall have all of the powers which are necessary to  
31 issue and secure bonds and carry out the purposes of  
32 the fund. The treasurer of state may issue bonds in  
33 principal amounts which are necessary to provide funds  
34 for the fund as provided by this section, the payment  
35 of interest on the bonds, the establishment of  
36 reserves to secure the bonds, the costs of issuance of  
37 the bonds, other expenditures of the treasurer of  
38 state incident to and necessary or convenient to carry  
39 out the bond issue for the fund, and all other  
40 expenditures of the treasurer of state necessary or  
41 convenient to administer the fund. The bonds are  
42 investment securities and negotiable instruments  
43 within the meaning of and for purposes of the uniform  
44 commercial code.

45 2. Bonds issued under this section are payable  
46 solely and only out of the moneys, assets, or revenues  
47 of the school infrastructure fund and any bond reserve  
48 funds, all of which may be deposited with trustees or  
49 depositories in accordance with bond or security  
50 documents and pledged by the treasurer of state to the

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1 payment thereof. Bonds issued under this section  
2 shall contain on their face a statement that the bonds  
3 do not constitute an indebtedness of the state. The  
4 treasurer of state shall not pledge the credit or  
5 taxing power of this state or any political  
6 subdivision of this state or make bonds issued  
7 pursuant to this section payable out of any moneys  
8 except those in the school infrastructure fund.

9 3. The proceeds of bonds issued by the treasurer  
10 of state and not required for immediate disbursement  
11 may be deposited with a trustee or depository as  
12 provided in the bond documents and invested or  
13 reinvested in any investment approved by the treasurer  
14 of state and specified in the trust indenture,  
15 resolution, or other instrument pursuant to which the  
16 bonds are issued without regard to any limitation  
17 otherwise provided by law.

18 4. The bonds shall be:

19 a. In a form, issued in denominations, executed in  
20 a manner, and payable over terms and with rights of  
21 redemption, and be subject to such other terms and  
22 conditions as prescribed in the trust indenture,  
23 resolution, or other instrument authorizing their  
24 issuance.

25 b. Negotiable instruments under the laws of the  
26 state and may be sold at prices, at public or private  
27 sale, and in a manner, as prescribed by the treasurer  
28 of state. Chapters 73A, 74, 74A, and 75 do not apply  
29 to the sale or issuance of the bonds.

30 c. Subject to the terms, conditions, and covenants  
31 providing for the payment of the principal, redemption  
32 premiums, if any, interest, and other terms,  
33 conditions, covenants, and protective provisions  
34 safeguarding payment, not inconsistent with this  
35 section and as determined by the trust indenture,  
36 resolution, or other instrument authorizing their  
37 issuance.

38 5. The bonds are securities in which public  
39 officers and bodies of this state; political  
40 subdivisions of this state; insurance companies and  
41 associations and other persons carrying on an  
42 insurance business; banks, trust companies, savings  
43 associations, savings and loan associations, and  
44 investment companies; administrators, guardians,  
45 executors, trustees, and other fiduciaries; and other  
46 persons authorized to invest in bonds or other  
47 obligations of the state, may properly and legally  
48 invest funds, including capital, in their control or  
49 belonging to them.

50 6. Bonds must be authorized by a trust indenture,

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1 resolution, or other instrument of the treasurer of  
2 state. However, a trust indenture, resolution, or  
3 other instrument authorizing the issuance of bonds may  
4 delegate to an officer of the issuer the power to  
5 negotiate and fix the details of an issue of bonds.

6 7. Neither the resolution, trust agreement, nor  
7 any other instrument by which a pledge is created  
8 needs to be recorded or filed under the Iowa uniform  
9 commercial code to be valid, binding, or effective.

10 8. Bonds issued under the provisions of this  
11 section are declared to be issued for a general public  
12 and governmental purpose and all bonds issued under  
13 this section shall be exempt from taxation by the  
14 state of Iowa and the interest on the bonds shall be  
15 exempt from the state income tax and the state  
16 inheritance and estate tax.

17 9. Subject to the terms of any bond documents,  
18 moneys in the school infrastructure fund may be  
19 expended for administration expenses.

20 10. The treasurer of state may issue bonds for the  
21 purpose of refunding any bonds or notes issued  
22 pursuant to this section then outstanding, including  
23 the payment of any redemption premiums thereon and any  
24 interest accrued or to accrue to the date of  
25 redemption of the outstanding bonds or notes. Until  
26 the proceeds of bonds issued for the purpose of  
27 refunding outstanding bonds or notes are applied to  
28 the purchase or retirement of outstanding bonds or  
29 notes or the redemption of outstanding bonds or notes,  
30 the proceeds may be placed in escrow and be invested  
31 and reinvested in accordance with the provisions of  
32 this section. The interest, income, and profits  
33 earned or realized on an investment may also be  
34 applied to the payment of the outstanding bonds or  
35 notes to be refunded by purchase, retirement, or  
36 redemption. After the terms of the escrow have been  
37 fully satisfied and carried out, any balance of  
38 proceeds and interest earned or realized on the  
39 investments may be returned and deposited in the  
40 school infrastructure fund. All refunding bonds shall  
41 be issued and secured and subject to the provisions of  
42 this chapter in the same manner and to the same extent  
43 as other bonds issued pursuant to this section.

44 Sec. \_\_\_\_ . NEW SECTION. 12.82 SCHOOL  
45 INFRASTRUCTURE AND RESERVE FUNDS.

46 1. A school infrastructure fund is created and  
47 established as a separate and distinct fund in the  
48 state treasury under the control of the department of  
49 education. The fund shall be used for purposes of the  
50 school infrastructure program established in section

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1 292.2.

2 2. Revenue for the school infrastructure fund  
3 shall include, but is not limited to, the following,  
4 which shall be deposited with the treasurer of state  
5 or its designee as provided by any bond or security  
6 documents and credited to the fund:

7 a. The proceeds of bonds issued to capitalize and  
8 pay the costs of the fund and investment earnings on  
9 the proceeds.

10 b. Interest attributable to investment of money in  
11 the fund or an account of the fund.

12 c. Moneys in the form of a devise, gift, bequest,  
13 donation, federal or other grant, reimbursement,  
14 repayment, judgment, transfer, payment, or  
15 appropriation from any source intended to be used for  
16 the purposes of the fund.

17 3. Moneys in the school infrastructure fund are  
18 not subject to section 8.33. Notwithstanding section  
19 12C.7, subsection 2, interest or earnings on moneys in  
20 the fund shall be credited to the fund.

21 4. The treasurer of state may establish reserve  
22 funds to secure one or more issues of bonds or notes  
23 issued pursuant to section 12.81. The treasurer of  
24 state may deposit in a reserve fund established under  
25 this subsection the proceeds of the sale of its bonds  
26 or notes and other money which is made available from  
27 any other source. The treasurer of state may allow a  
28 reserve fund established under this subsection to be  
29 depleted.

30 Sec. \_\_\_\_ . NEW SECTION. 12.83 PLEDGES.

31 1. It is the intention of the general assembly  
32 that a pledge made in respect of bonds or notes shall  
33 be valid and binding from the time the pledge is made,  
34 that the money or property so pledged and received  
35 after the pledge by the authority shall immediately be  
36 subject to the lien of the pledge without physical  
37 delivery or further act, and that the lien of the  
38 pledge shall be valid and binding as against all  
39 parties having claims of any kind in tort, contract,  
40 or otherwise against the treasurer of state whether or  
41 not the parties have notice of the lien.

42 2. The state pledges to and agrees with the  
43 holders of bonds or notes issued under section 12.81,  
44 that the state will not limit or alter the rights and  
45 powers vested in the treasurer of state to fulfill the  
46 terms of a contract made by the treasurer of state  
47 with respect to the bonds or notes, or in any way  
48 impair the rights and remedies of the holders until  
49 the bonds and notes, together with the interest on  
50 them including interest on unpaid installments of

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1 interest, and all costs and expenses in connection  
2 with an action or proceeding by or on behalf of the  
3 holders, are fully met and discharged. The treasurer  
4 of state is authorized to include this pledge and  
5 agreement of the state, as it refers to holders of  
6 bonds or notes of the authority, in a contract with  
7 the holders.

8 Sec. \_\_\_\_ . NEW SECTION. 12.84 LIMITATIONS.

9 Bonds or notes issued pursuant to section 12.81 are  
10 not debts of the state, or of any political  
11 subdivision of the state and do not constitute a  
12 pledge of the faith and credit of the state or a  
13 charge against the general credit or general fund of  
14 the state. The issuance of any bonds or notes  
15 pursuant to section 12.81 by the treasurer of state  
16 does not directly, indirectly, or contingently  
17 obligate the state or a political subdivision of the  
18 state to apply moneys from, or to levy or pledge any  
19 form of taxation whatever to, the payment of the bonds  
20 or notes. Bonds and notes issued under section 12.81  
21 are payable solely and only from the sources and  
22 special fund provided in section 12.82. Expenses  
23 incurred in carrying out sections 12.81 through 12.83,  
24 this section, and section 12.85 are payable solely  
25 from funds available under those sections.

26 Sec. \_\_\_\_ . NEW SECTION. 12.85 CONSTRUCTION.

27 Sections 12.81 through 12.84, being necessary for  
28 the welfare of this state and its inhabitants, shall  
29 be liberally construed to effect its purposes."

30 5. Page 17, line 24, by striking the figure  
31 "292.3", and inserting the following: "12.82".

32 6. Page 22, by striking lines 7 and 8 and  
33 inserting the following: "requirement. The program  
34 shall provide grants in an amount of not more than ten  
35 million dollars during the fiscal year beginning July  
36 1, 2000, not more than twenty million dollars during  
37 the fiscal year beginning July 1, 2001, and not more  
38 than twenty million dollars during the fiscal year  
39 beginning July 1, 2002."

40 7. Page 23, by striking lines 8 through 16.

41 8. By renumbering, relettering, or redesignating  
42 and correcting internal references as necessary.

By TEIG of Hamilton

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*Adapted*  
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(P. 1629)