

Raecker
Boal
Freyer

HSB 756

WAYS AND MEANS

SUC¹¹
SF' 02581

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON VAN FOSSEN)

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

A BILL FOR

1 An Act relating to the authorization of the Iowa higher education
2 loan authority to make loans and issue obligations to make
3 loans to entities other than educational institutions, and to
4 finance projects to be leased to educational institutions, and
5 providing that the obligations and income from obligations are
6 exempt from taxation.

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

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1 Section 1. Section 261A.27, Code 1999, is amended by
2 adding the following new unnumbered paragraph:

3 NEW UNNUMBERED PARAGRAPH. Obligations issued by the
4 authority on or after July 1, 2000, pursuant to either
5 division of this chapter, their transfer, and income
6 therefrom, including profits made on the sale of the
7 obligations, are exempt from taxation of any kind by the state
8 or any political subdivision of the state.

9 Sec. 2. Section 261A.34, subsection 3, Code 1999, is
10 amended to read as follows:

11 3. "Project" means any property located within the state,
12 constructed or acquired before or after July 1, 1985, that may
13 be used or will be useful in connection with the instruction,
14 feeding, or recreation of students, the conducting of
15 research, administration, or other work of an institution, or
16 any combination of the foregoing. "Project" includes, but is
17 not limited to, any academic facility, administrative
18 facility, assembly hall, athletic facility, instructional
19 facility, laboratory, library, maintenance facility, student
20 health facility, recreational facility, research facility,
21 student union, or other facility suitable for the use of an
22 institution. "Project" also means the refunding or
23 refinancing of outstanding obligations, mortgages, or
24 advances, including advances from an endowment or similar
25 fund, originally issued, made, or given by the institution to
26 finance the cost of a project. "Project" also includes a
27 project that is to be leased ~~by-the-authority~~ to an
28 institution.

29 Sec. 3. Section 261A.35, Code 1999, is amended to read as
30 follows:

31 261A.35 GENERAL POWER OF AUTHORITY.

32 The authority is authorized to assist institutions in the
33 constructing, financing, and refinancing of projects, and the
34 authority may take action authorized by this division. The
35 authority is authorized to be a member of limited liability

1 companies organized for the purpose of leasing projects to
2 institutions.

3 Sec. 4. Section 261A.36, Code 1999, is amended to read as
4 follows:

5 261A.36 ISSUANCE OF OBLIGATIONS.

6 The authority may issue obligations of the authority for
7 any of its corporate purposes as provided for in this division
8 including the issuing of obligations to finance projects to be
9 leased ~~by the authority~~ to an institution, and fund or refund
10 the obligations pursuant to this division.

11 Sec. 5. Section 261A.37, Code 1999, is amended to read as
12 follows:

13 261A.37 LOANS AUTHORIZED.

14 The authority may make loans to an institution for the cost
15 of a project or in anticipation of the receipt of tuition by
16 the institution in accordance with an agreement between the
17 authority and the institution, except that a loan for the cost
18 of a project shall not exceed the total cost of the project,
19 as determined by the institution and approved by the authority
20 and except that loans in anticipation of the receipt of
21 tuition shall not exceed the anticipated amount of tuition to
22 be received by the institution in the one-year period
23 following the date of the loan. The authority may lease
24 projects to institutions under the terms of lease agreements
25 determined by the institution and the authority, except that
26 the term of the lease shall not exceed the estimated useful
27 economic life of the project. The authority may make loans to
28 an entity other than an institution in accordance with an
29 agreement between the authority and the entity for the cost of
30 a project if the project is to be leased to an institution.

31 Sec. 6. 261A.38, Code 1999, is amended to read as follows:

32 261A.38 ISSUANCE OF OBLIGATIONS -- CONDITIONS.

33 The authority may issue obligations and make loans to an
34 institution or another entity if the project is to be leased
35 to an institution or may issue obligations to finance projects

1 to be leased by the authority to an institution and refund,
 2 refinance, or reimburse outstanding obligations, indebtedness,
 3 mortgages, or advances, including advances from an endowment
 4 or any similar fund, issued, made, or given by the
 5 institution, whether before or after July 1, 1985, for the
 6 cost of a project, when the authority finds that the financing
 7 prescribed in this section is in the public interest, and
 8 either alleviates a financial hardship upon the institution,
 9 results in a lesser cost of education, or enables the
 10 institution to offer greater security for a loan or loans to
 11 finance a new project or projects or to effect savings in
 12 interest costs or more favorable amortization terms.

EXPLANATION

14 This bill authorizes the Iowa higher education loan
 15 authority to issue obligations of the authority to make loans
 16 to entities other than educational institutions for the cost
 17 of capital projects if these projects are to be leased to
 18 educational institutions.

19 The bill also provides for a tax exemption from all state
 20 and local taxes of the obligations and income, including gain
 21 from any sale, from the obligations which are issued on or
 22 after July 1, 2000.

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5/4/25/00 Do Pass

APR 19 2000
WAYS & MEANS CALENDAR

HOUSE FILE 2581
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 756)

Passed House, ^(P. 1710) Date 4-24-00 Passed Senate, ^(P. 1377) Date 4/25/00
Vote: Ayes 95 Nays 0 Vote: Ayes 43 Nays 0
Approved 5/19

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2 loan authority to make loans and issue obligations to make
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HF 2581

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5 division of this chapter, their transfer, and income therefrom
6 are exempt from taxation of any kind by the state or any
7 political subdivision of the state.

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32 constructing, financing, and refinancing of projects, and the
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35 companies organized for the purpose of leasing projects to

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6 any of its corporate purposes as provided for in this division
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9 the obligations pursuant to this division.

10 Sec. 5. Section 261A.37, Code 1999, is amended to read as
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14 of a project or in anticipation of the receipt of tuition by
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19 and except that loans in anticipation of the receipt of
20 tuition shall not exceed the anticipated amount of tuition to
21 be received by the institution in the one-year period
22 following the date of the loan. The authority may lease
23 projects to institutions under the terms of lease agreements
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25 the term of the lease shall not exceed the estimated useful
26 economic life of the project. The authority may make loans to
27 an entity other than an institution in accordance with an
28 agreement between the authority and the entity for the cost of
29 a project if the project is to be leased to an institution.

30 Sec. 6. 261A.38, Code 1999, is amended to read as follows:

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33 institution or another entity if the project is to be leased
34 to an institution or may issue obligations to finance projects
35 to be leased by the authority to an institution and refund,

1 refinance, or reimburse outstanding obligations, indebtedness,
 2 mortgages, or advances, including advances from an endowment
 3 or any similar fund, issued, made, or given by the
 4 institution, whether before or after July 1, 1985, for the
 5 cost of a project, when the authority finds that the financing
 6 prescribed in this section is in the public interest, and
 7 either alleviates a financial hardship upon the institution,
 8 results in a lesser cost of education, or enables the
 9 institution to offer greater security for a loan or loans to
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 11 interest costs or more favorable amortization terms.

EXPLANATION

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18 The bill also provides for a tax exemption from all state
 19 and local taxes of the obligations and income from the
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HOUSE FILE 2581

AN ACT

RELATING TO THE AUTHORIZATION OF THE IOWA HIGHER EDUCATION
LOAN AUTHORITY TO MAKE LOANS AND ISSUE OBLIGATIONS TO MAKE
LOANS TO ENTITIES OTHER THAN EDUCATIONAL INSTITUTIONS, AND TO
FINANCE PROJECTS TO BE LEASED TO EDUCATIONAL INSTITUTIONS, AND
PROVIDING THAT THE OBLIGATIONS AND INCOME FROM OBLIGATIONS ARE
EXEMPT FROM TAXATION.

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

Section 1. Section 261A.27, Code 1999, is amended by
adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. Obligations issued by the
authority on or after July 1, 2000, pursuant to either
division of this chapter, their transfer, and income therefrom
are exempt from taxation of any kind by the state or any
political subdivision of the state.

Sec. 2. Section 261A.34, subsection 3, Code 1999, is
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3. "Project" means any property located within the state,
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facility, assembly hall, athletic facility, instructional
facility, laboratory, library, maintenance facility, student
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refinancing of outstanding obligations, mortgages, or
advances, including advances from an endowment or similar
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finance the cost of a project. "Project" also includes a
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Sec. 6. Section 261A.38, Code 1999, is amended to read as follows:

261A.38 ISSUANCE OF OBLIGATIONS -- CONDITIONS.

The authority may issue obligations and make loans to an institution or another entity if the project is to be leased to an institution or may issue obligations to finance projects to be leased by the authority to an institution and refund, refinance, or reimburse outstanding obligations, indebtedness, mortgages, or advances, including advances from an endowment or any similar fund, issued, made, or given by the institution, whether before or after July 1, 1985, for the cost of a project, when the authority finds that the financing prescribed in this section is in the public interest, and either alleviates a financial hardship upon the institution, results in a lesser cost of education, or enables the

institution to offer greater security for a loan or loans to finance a new project or projects or to effect savings in interest costs or more favorable amortization terms.

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 2581, Seventy-eighth General Assembly.

ELIZABETH ISAACSON
Chief Clerk of the House

Approved 5/19, 2000

THOMAS J. VILSACK
Governor