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SENATE FILE

2423

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

A BILL FOR

1 An Act creating a millennium program and fund, a millennium
2 review committee, and providing authority to issue bonds and
3 refunding bonds to fund the millennium fund and bond reserve
4 funds, and making appropriations to the millennium fund.

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

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SF 2423
APPROPRIATIONS

1 Section 1. Section 8.57, subsection 5, paragraph e, Code
2 1999, is amended to read as follows:

3 e. Notwithstanding provisions to the contrary in sections
4 ~~99D.17 and 99F.11, for the fiscal years beginning July 1,~~
5 ~~1995, and July 1, 1996,~~ an amount, determined by the treasurer
6 of state, sufficient to make payments during the fiscal year
7 on the principal of, premium, if any, and interest on bonds
8 issued by the treasurer of state under section 12.71 shall be
9 deposited in the millennium fund created in section 15.291.
10 Notwithstanding provisions to the contrary in sections 99D.17
11 and 99F.11, after sufficient moneys are deposited in the
12 millennium fund, not more than a total of sixty million
13 ~~dollars, and for each fiscal year thereafter,~~ shall be
14 deposited in the general fund of the state in any fiscal year
15 pursuant to sections 99D.17 and 99F.11. The total moneys in
16 excess of the moneys deposited in the millennium fund and the
17 general fund of the state in a fiscal year shall be deposited
18 in the rebuild Iowa infrastructure fund and shall be used as
19 provided in this section, notwithstanding section 8.60.

20 Sec. 2. NEW SECTION. 12.71 MILLENNIUM BONDS.

21 1. The treasurer of state may issue bonds for the purpose
22 of funding the millennium fund created in section 15.291 and
23 for the purpose of refunding any bonds issued under this
24 section. Excluding the issuance of refunding bonds, the
25 treasurer of state shall not issue bonds which result in the
26 deposit of bond proceeds of more than two hundred million
27 dollars credited to the millennium fund. Refunding bonds may
28 be issued and secured and subject to this section in the same
29 manner as other bonds issued pursuant to this section.

30 2. The bonds are investment securities and negotiable
31 instruments within the meaning of and for the purposes of the
32 uniform commercial code.

33 3. The treasurer of state is authorized to pledge amounts
34 deposited in the millennium fund created in section 15.291 as
35 security for the payment of the principal of, premium, if any,

1 and interest on the bonds. Bonds issued under this section
2 are payable solely and only out of the moneys, assets, or
3 revenues of the millennium fund and any bond reserve funds
4 established pursuant to section 12.72, all of which may be
5 deposited with trustees or depositories in accordance with
6 bond or security documents, and are not an indebtedness of
7 this state, or a charge against the general credit or general
8 fund of the state, and the state shall not be liable for the
9 bonds except from amounts on deposit in the funds. Bonds
10 issued under this section shall contain a statement that the
11 bonds do not constitute an indebtedness of the state.

12 4. The bonds shall be:

13 a. In a form, issued in denominations, executed in a
14 manner, payable over terms and with rights of redemption, and
15 subject to such other terms and conditions as prescribed in
16 the trust indenture, resolution, or other instrument
17 authorizing their issuance.

18 b. Negotiable instruments under the laws of this state and
19 may be sold at prices, at public or private sale, and in a
20 manner, as prescribed by the treasurer of state. Chapters
21 73A, 74, 74A, and 75 do not apply to the sale or issuance of
22 the bonds.

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

30 5. The bonds are securities in which public officers and
31 bodies of this state, political subdivisions of this state,
32 insurance companies and associations and other persons
33 carrying on an insurance business, banks, trust companies,
34 savings associations, savings and loan associations, and
35 investment companies, administrators, guardians, executors,

1 trustees, and other fiduciaries, and other persons authorized
2 to invest in bonds or other obligations of the state, may
3 properly and legally invest funds, including capital, in their
4 control or belonging to them.

5 6. Bonds must be authorized by a trust indenture,
6 resolution, or other instrument of the treasurer of state.
7 However, a trust indenture, resolution, or other instrument
8 authorizing the issuance of bonds may delegate to an officer
9 of the issuer the power to negotiate and fix the details of an
10 issuance of bonds.

11 7. Neither the resolution, trust agreement, or any other
12 instrument by which a pledge is created is required to be
13 recorded or filed under the uniform commercial code to be
14 valid, binding, or effective.

15 8. All bonds issued by the treasurer of state in
16 connection with the program are exempt from taxation by the
17 state of Iowa and the interest on the bonds is exempt from
18 state income taxes and state inheritance and estate taxes.

19 9. The treasurer of state shall cooperate with the
20 department of economic development in the implementation of
21 this section.

22 Sec. 3. NEW SECTION. 12.72 BOND RESERVE FUNDS.

23 1. The treasurer of state may create and establish one or
24 more special funds, to be known as bond reserve funds, and
25 shall pay into each bond reserve fund any moneys appropriated
26 and made available by the treasurer of state for the purpose
27 of the fund, any proceeds of sale of notes or bonds to the
28 extent provided in the trust indenture, resolution, or other
29 instrument of the treasurer of state authorizing their
30 issuance, and any other moneys which may be available to the
31 treasurer of state for the purpose of the fund from any other
32 sources. All moneys held in a bond reserve fund, except as
33 otherwise provided in this section, shall be used as required
34 solely for the payment of the principal of bonds secured in
35 whole or in part by the fund or of the sinking fund payments

1 with respect to the bonds, the purchase or redemption of the
2 bonds, the payment of interest on the bonds, or the payments
3 of any redemption premium required to be paid when the bonds
4 are redeemed prior to maturity.

5 2. Moneys in a bond reserve fund shall not be withdrawn
6 from the fund at any time in an amount that will reduce the
7 amount of the fund to less than the bond reserve fund
8 requirement established for the fund, as provided in this
9 section, except for the purpose of making, with respect to
10 bonds secured in whole or in part by the fund, payment when
11 due of principal, interest, redemption premiums, and the
12 sinking fund payments with respect to the bonds for the
13 payment of which other moneys are not available. Any income
14 or interest earned by, or incremental to, a bond reserve fund
15 due to the investment of moneys in the fund may be transferred
16 by the treasurer of state to reserve funds or the millennium
17 fund to the extent the transfer does not reduce the amount of
18 that bond reserve fund below the bond reserve fund requirement
19 for the fund.

20 3. The treasurer of state shall not at any time issue
21 bonds, secured in whole or in part by a bond reserve fund, if,
22 upon the issuance of the bonds, the amount in the bond reserve
23 fund will be less than the bond reserve fund requirement for
24 the fund, unless the treasurer of state at the time of
25 issuance of the bonds deposits in the fund from the proceeds
26 of the bonds issued or from other sources an amount which,
27 together with the amount then in the fund, will not be less
28 than the bond reserve fund requirement for the fund. For the
29 purposes of this section, the term "bond reserve fund
30 requirement" means, as of any particular date of computation,
31 an amount of money, as provided in the trust indenture,
32 resolution, or other instrument of the treasurer of state
33 authorizing the bonds with respect to which the fund is
34 established, equal to not more than ten percent of the
35 outstanding principal amount of bonds secured in whole or in

1 part by the fund.

2 Sec. 4. NEW SECTION. 12.73 MILLENNIUM REVIEW COMMITTEE.

3 1. A millennium review committee is established to provide
4 assistance to the department of economic development regarding
5 the millennium program. The committee shall consist of seven
6 members, including the treasurer of state and six members
7 appointed by the governor and subject to confirmation by the
8 senate. The members appointed by the governor shall possess
9 an expertise in public finance issues.

10 2. All appointments shall comply with sections 69.16 and
11 69.16A.

12 3. The chairperson of the millennium review committee
13 shall be elected by the committee from among its membership
14 for a term of one year. A vice chairperson may be elected by
15 the committee from among its membership for a one-year term.
16 In case of the absence or disability of the chairperson and
17 vice chairperson, the members of the committee shall elect a
18 temporary chairperson by a majority vote of those members who
19 are present and voting.

20 4. The members, except the treasurer of state, shall be
21 appointed to three-year staggered terms and the terms shall
22 commence and end as provided by section 69.19. If a vacancy
23 occurs, a successor shall be appointed to serve the unexpired
24 term. A successor shall be appointed in the same manner and
25 subject to the same qualifications as the original appointee.

26 5. The millennium review committee shall review
27 applications submitted under the millennium program and make
28 recommendations to the department of economic development
29 regarding the applications.

30 6. A majority of the members of the millennium review
31 committee constitutes a quorum.

32 Sec. 5. NEW SECTION. 15.291 MILLENNIUM FUND.

33 1. The millennium fund is created as a separate and
34 distinct fund in the state treasury. The millennium fund
35 consists, in part, of moneys deposited in the fund pursuant to

1 section 8.57, subsection 5, paragraph "e". The millennium
2 fund also consists of any moneys appropriated to the fund by
3 the general assembly. Payments of interest or repayments of
4 financial assistance provided under the millennium program
5 shall be deposited in the millennium fund. Moneys received by
6 the treasurer of state as a result of a bond issuance pursuant
7 to section 12.71 shall be deposited in the millennium fund as
8 provided in section 12.71. Notwithstanding section 12C.7,
9 subsection 2, interest and other income earned by the
10 millennium fund shall be deposited in the millennium fund.

11 2. If the treasurer of state determines pursuant to
12 section 12.71 that bonds can be issued, the moneys in the
13 millennium fund are appropriated to and for the purpose of
14 paying the principal of, premium, if any, and interest on
15 bonds issued by the treasurer of state under section 12.71.
16 Amounts in the millennium fund shall not be subject to
17 appropriation for any purpose by the general assembly, but
18 shall be used only for the purposes set forth in this section,
19 section 12.71, and section 15.292. The treasurer of state
20 shall act as custodian of the millennium fund and disburse
21 amounts contained in the fund as directed by the department of
22 economic development, including the automatic disbursement of
23 moneys pursuant to the terms of bond indentures and documents
24 and security provisions to trustees and custodians. The
25 treasurer of state may invest the moneys deposited in the
26 millennium fund subject to any limitations contained in any
27 applicable bond proceedings. Notwithstanding section 8.33,
28 any balance in the fund on June 30 of any fiscal year shall be
29 transferred to the rebuild Iowa infrastructure fund created in
30 section 8.57, subsection 5.

31 Sec. 6. NEW SECTION. 15.292 MILLENNIUM PROGRAM.

32 1. The department shall establish and administer a
33 millennium program designed to assist political subdivisions
34 of this state in the development and creation of multiple-
35 purpose attraction, tourism, and cultural facilities.

1 Financial assistance from the millennium fund created under
2 section 15.291 and received under this program shall be used
3 for land acquisition and construction, major renovation, or
4 major repair of buildings, all appurtenant structures,
5 utilities, and site development.

6 2. In order for a political subdivision to be eligible for
7 financial assistance under the program, a minimum of fifty
8 percent of the total capital investment in the project shall
9 be provided through local and private sources and the local
10 and private investment shall be at least five million dollars.

11 3. A political subdivision of this state may submit an
12 application to the department for financial assistance for a
13 project under the program. The assistance shall be in the
14 form of grants, loans, forgivable loans, and loan guarantees.
15 The application shall include, but not be limited to, the
16 following:

17 a. The total capital investment of the project.

18 b. The amount and percentage of local and private matching
19 moneys which will be provided for the project.

20 c. The need of the political subdivision for the project
21 and the financial assistance.

22 d. The long-term, tax revenue-generating impact of the
23 project.

24 4. The millennium review committee established in section
25 12.72 shall make an initial review of all applications
26 submitted under the millennium program and make
27 recommendations to the department regarding each application.
28 Upon review of the recommendations by the review committee,
29 the department shall approve, deny, or defer each application.
30 In reviewing the applications, the department and review
31 committee shall consider, at a minimum, all of the following:

32 a. The extent to which such a project would generate
33 additional attraction and tourism opportunities.

34 b. The ability of the project to produce a long-term tax
35 generating economic impact.

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EXPLANATION

2 This bill creates a millennium program and fund designed to
3 assist political subdivisions in this state in the development
4 and creation of multiple-purpose attraction, tourism, and
5 cultural facilities.

6 The bill provides that a political subdivision of the state
7 may apply to the department of economic development for
8 assistance under the millennium program and the financial
9 assistance shall be used for land acquisition and
10 construction, major renovation, or major repair of buildings,
11 all appurtenant structures, utilities, and site development.
12 The bill provides that a political subdivision must provide a
13 minimum of 50 percent of the total capital investment in the
14 project through local and private sources. The bill provides
15 that the millennium review committee shall make an initial
16 review of all applications and make recommendations to the
17 department. The department shall approve, deny, or defer each
18 application. The bill provides that the applications shall be
19 considered based on certain criteria relating to the
20 generation of additional attraction and tourism opportunities
21 and the long-term tax generating economic impact.

22 The bill creates a millennium review committee to make an
23 initial review of applications received under the millennium
24 program and to make recommendations regarding the applications
25 to the department of economic development. The committee
26 shall consist of seven members, including the treasurer of
27 state and six members appointed by the governor. The members
28 appointed by the governor shall possess an expertise in public
29 finance issues.

30 The bill creates a millennium fund as a separate and
31 distinct fund in the state treasury. The bill provides that
32 the fund, beginning July 1, 2000, shall receive moneys each
33 fiscal year from taxes on gaming receipts under Code chapters
34 99D and 99F in an amount sufficient to make payments on the
35 principal of, premium, if any, and interest on bonds issued by

1 the treasurer of state. The bill provides that the fund shall
2 also consist of any moneys appropriated to the fund by the
3 general assembly, payments of interest or repayments of
4 financial assistance under the program, and moneys received by
5 the treasurer of state pursuant to the issuance of millennium
6 bonds. The bill provides that, if millennium bonds are issued
7 by the treasurer of state, moneys in the fund are appropriated
8 to and for the purpose of paying the principal of, premium, if
9 any, and interest on the bonds.

10 The bill provides the treasurer of state with the authority
11 to issue millennium bonds. The bill provides that, excluding
12 refunding bonds, the treasurer of state shall not issue bonds
13 which result in the deposit of bond proceeds of more than \$200
14 million credited to the millennium fund. The bill provides
15 that the treasurer of state may issue refunding bonds. The
16 bill provides that bonds are investment securities and
17 negotiable instruments. The bill provides that the treasurer
18 of state is authorized to pledge amounts deposited in the
19 millennium fund as security for the payment of the principal,
20 premium, if any, and interest on the bonds. The bill provides
21 that the bonds are payable solely and only out of the moneys,
22 assets, or revenues of the millennium fund and any bond
23 reserve funds established by the treasurer of state. The bill
24 provides that the bonds are not an indebtedness of the state,
25 or a charge against the general credit or general fund of the
26 state, and the state shall not be liable for the bonds except
27 from amounts on deposit in the fund. The bill provides
28 certain requirements relating to the actual issuance of the
29 bonds, authorization for the issuance of the bonds, and tax
30 exemption status of the bonds.

31 The bill provides that the treasurer of state may create
32 and establish one or more bond reserve funds. The bill
33 provides that moneys in the bond reserve fund shall be used as
34 required solely for the payment of the principal of bonds
35 secured in whole or in part by the fund or of the sinking fund

1 payments with respect to the bonds, the purchase or redemption
2 of the bonds, the payment of interest on the bonds, or the
3 payments of any redemption premium required to be paid when
4 the bonds are redeemed prior to maturity. The bill provides
5 restrictions on when moneys may be withdrawn from the bond
6 reserve funds. The bill provides limitations on when the
7 treasurer of state may issue bonds in relation to the bond
8 reserve fund requirement, which is the amount of money, on any
9 particular date, as provided in the instruments of the
10 treasurer authorizing the bonds with respect to which the fund
11 is established.

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