

JAN 23 2004  
ECONOMIC GROWTH

HOUSE FILE 2080  
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Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act relating to the funding of the grow Iowa values fund  
2 through the issuance of tax-exempt bonds, making  
3 appropriations, and providing an effective date.

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

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HF 2080

1 Section 1. Section 8.57, subsection 5, paragraph e, Code  
2 Supplement 2003, is amended to read as follows:

3 e. Notwithstanding provisions to the contrary in sections  
4 99D.17 and 99F.11, for the fiscal year beginning July 1, 2000  
5 2003, and ~~for each fiscal year thereafter~~ ending June 30,  
6 2004, not more than a total of sixty million dollars shall be  
7 deposited in the general fund of the state in ~~any the~~ fiscal  
8 year pursuant to sections 99D.17 and 99F.11; for the fiscal  
9 period beginning July 1, 2004, and ending June 30, 2030, not  
10 more than a total of thirty-one million dollars of the moneys  
11 directed to be deposited in the general fund of the state in a  
12 fiscal year pursuant to sections 99D.17 and 99F.11 shall be  
13 deposited in the grow Iowa values fund created in section  
14 15G.108 in any fiscal year, and not more than a total of  
15 twenty-nine million dollars shall be deposited in the general  
16 fund in any fiscal year; and for the fiscal year beginning  
17 July 1, 2030, and for each fiscal year thereafter, not more  
18 than a total of sixty million dollars shall be deposited in  
19 the general fund of the state in any fiscal year pursuant to  
20 sections 99D.17 and 99F.11. The next fifteen million dollars  
21 of the moneys directed to be deposited in the general fund of  
22 the state in a fiscal year pursuant to sections 99D.17 and  
23 99F.11 shall be deposited in the vision Iowa fund created in  
24 section 12.72 for the fiscal year beginning July 1, 2000, and  
25 for each fiscal year through the fiscal year beginning July 1,  
26 2019. The next five million dollars of the moneys directed to  
27 be deposited in the general fund of the state in a fiscal year  
28 pursuant to sections 99D.17 and 99F.11 shall be deposited in  
29 the school infrastructure fund created in section 12.82 for  
30 the fiscal year beginning July 1, 2000, and for each fiscal  
31 year thereafter until the principal and interest on all bonds  
32 issued by the treasurer of state pursuant to section 12.81 are  
33 paid, as determined by the treasurer of state. The total  
34 moneys in excess of the moneys deposited in the general fund  
35 of the state, the grow Iowa values fund, the vision Iowa fund,

1 and the school infrastructure fund in a fiscal year shall be  
2 deposited in the rebuild Iowa infrastructure fund and shall be  
3 used as provided in this section, notwithstanding section  
4 8.60.

5 If the total amount of moneys directed to be deposited in  
6 the general fund of the state under sections 99D.17 and 99F.11  
7 in a fiscal year is less than the total amount of moneys  
8 directed to be deposited in the grow Iowa values fund, the  
9 vision Iowa fund, and the school infrastructure fund in the  
10 fiscal year pursuant to this paragraph "e", the difference  
11 shall be paid from lottery revenues in the manner provided in  
12 section 99G.39, subsection 3.

13 Sec. 2. NEW SECTION. 12.91 GENERAL AND SPECIFIC BONDING  
14 POWERS.

15 1. The treasurer of state may issue bonds for the purpose  
16 of funding the grow Iowa values fund created in section  
17 15G.108. The treasurer of state shall have all of the powers  
18 which are necessary to issue and secure bonds and carry out  
19 the purposes of the fund. The treasurer of state may issue  
20 bonds in principal amounts which are necessary to provide  
21 sufficient funds for the grow Iowa values fund, the payment of  
22 interest on the bonds, the establishment of reserves to secure  
23 the bonds, the costs of issuance of the bonds, other  
24 expenditures of the treasurer of state incident to and  
25 necessary or convenient to carry out the bond issue for the  
26 fund, and all other expenditures of the board necessary or  
27 convenient to administer the fund. The bonds are investment  
28 securities and negotiable instruments within the meaning of  
29 and for purposes of the uniform commercial code.

30 2. Bonds issued under this section are payable solely and  
31 only out of the moneys, assets, or revenues of the grow Iowa  
32 values fund and any bond reserve funds established pursuant to  
33 section 12.92, all of which may be deposited with trustees or  
34 depositories in accordance with bond or security documents and  
35 pledged to the payment thereof. Bonds issued under this

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

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

15 4. The bonds shall be:

16 a. In a form, issued in denominations, executed in a  
17 manner, and payable over terms and with rights of redemption,  
18 and be subject to the terms, conditions, and covenants  
19 providing for the payment of the principal of, redemption  
20 premiums, if any, interest which may be fixed or variable  
21 during any period the bonds are outstanding, and such other  
22 terms and conditions as prescribed in the trust indenture,  
23 resolution, or other instrument authorizing their issuance.

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

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

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

11 6. Bonds must be authorized by a trust indenture,  
12 resolution, or other instrument of the treasurer of state.

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

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

23 9. Subject to the terms of any bond documents, moneys in  
24 the grow Iowa values fund may be expended for administration  
25 expenses.

26 10. The treasurer of state may issue bonds for the purpose  
27 of refunding any bonds issued pursuant to this section then  
28 outstanding, including the payment of any redemption premiums  
29 thereon and any interest accrued or to accrue to the date of  
30 redemption of the outstanding bonds. Until the proceeds of  
31 bonds issued for the purpose of refunding outstanding bonds  
32 are applied to the purchase or retirement of outstanding bonds  
33 or the redemption of outstanding bonds, the proceeds may be  
34 placed in escrow and be invested and reinvested in accordance  
35 with the provisions of this section. The interest, income,

1 and profits earned or realized on an investment may also be  
2 applied to the payment of the outstanding bonds to be refunded  
3 by purchase, retirement, or redemption. After the terms of  
4 the escrow have been fully satisfied and carried out, any  
5 balance of proceeds and interest earned or realized on the  
6 investments may be returned to the treasurer of state for  
7 deposit in the grow Iowa values fund established in section  
8 15G.108. All refunding bonds shall be issued and secured and  
9 subject to the provisions of this chapter in the same manner  
10 and to the same extent as other bonds issued pursuant to this  
11 section.

12 11. The treasurer of state shall have all of the powers  
13 which are necessary to issue and secure bonds, including but  
14 not limited to the power to procure insurance, other credit  
15 enhancements, and other financing arrangements, and to execute  
16 instruments and contracts and to enter into agreements  
17 convenient or necessary to facilitate financing arrangements  
18 with respect to the bonds and to carry out the purposes of the  
19 fund, including but not limited to such arrangements,  
20 instruments, contracts, and agreements as municipal bond  
21 insurance, self-insurance or liquidity trusts, accounts, pools  
22 or other arrangements, liquidity facilities or covenants,  
23 letters of credit, and interest rate agreements.

24 12. For purposes of this section and sections 12.92  
25 through 12.95, the term "bonds" means bonds, notes, and other  
26 obligations and financing arrangements issued or entered into  
27 by the treasurer of state and the term "interest rate  
28 agreement" means an interest rate swap or exchange agreement,  
29 an agreement establishing an interest rate floor or ceiling or  
30 both, or any similar agreement. Any such agreement may  
31 include the option to enter into or cancel the agreement or to  
32 reverse or extend the agreement.

33 Sec. 3. NEW SECTION. 12.92 GROW IOWA VALUES FUND  
34 ACCOUNTS AND RESERVE FUNDS.

35 1. The treasurer of state shall establish such accounts

1 within the grow Iowa values fund created in section 15G.108 as  
2 may be appropriate, including debt service accounts for the  
3 purpose of paying the principal of, redemption premium, if  
4 any, and interest on bonds payable therefrom. Moneys in the  
5 debt service accounts shall not be subject to appropriation  
6 for any other purpose by the general assembly, but shall be  
7 used only for the purposes of paying the principal of,  
8 redemption premium, if any, and interest on the bonds payable  
9 therefrom.

10 2. Revenue for the grow Iowa values fund shall include,  
11 but is not limited to, the following, which shall be deposited  
12 with the treasurer of state or its designee as provided by any  
13 bond or security documents and credited to the debt service  
14 account:

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

17 b. Interest attributable to investment of moneys in the  
18 fund or an account of the fund.

19 c. Moneys in the form of a devise, gift, bequest,  
20 donation, federal or other grant, reimbursement, repayment,  
21 judgment, transfer, payment, or appropriation from any source  
22 intended to be used for the purposes of the fund or account.

23 3. a. The treasurer of state may create and establish one  
24 or more special funds, to be known as "bond reserve funds", to  
25 secure one or more issues of bonds issued pursuant to section  
26 12.91. The treasurer of state shall pay into each bond  
27 reserve fund any moneys appropriated and made available by the  
28 state or treasurer of state for the purpose of the fund, any  
29 proceeds of sale of bonds to the extent provided in the  
30 resolutions or trust indentures authorizing their issuance,  
31 and any other moneys which may be available to the treasurer  
32 of state for the purpose of the fund from any other sources.  
33 All moneys held in a bond reserve fund, except as otherwise  
34 provided in this chapter, shall be used as required solely for  
35 the payment of the principal of bonds secured in whole or in

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

6 b. Moneys in a bond reserve fund shall not be withdrawn  
7 from it at any time in an amount that will reduce the amount  
8 of the fund to less than the bond reserve fund requirement  
9 established for the fund, as provided in this subsection,  
10 except for the purpose of making, with respect to bonds  
11 secured in whole or in part by the fund, payment when due of  
12 principal, interest, redemption premiums, and the sinking fund  
13 payments with respect to the bonds for the payment of which  
14 other moneys of the treasurer of state are not available.

15 Any income or interest earned by, or incremental to, a bond  
16 reserve fund due to the investment of it may be transferred by  
17 the treasurer of state to other funds or accounts to the  
18 extent the transfer does not reduce the amount of that bond  
19 reserve fund below the bond reserve fund requirement for it.

20 c. 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 subsection, the term "bond reserve fund  
30 requirement" means, as of any particular date of computation,  
31 an amount of money, as provided in the resolutions or trust  
32 indentures authorizing the bonds with respect to which the  
33 fund is established.

34 d. To assure the continued solvency of any bonds secured  
35 by the bond reserve fund, provision is made in paragraph "a"



1 for the accumulation in each bond reserve fund of an amount  
2 equal to the bond reserve requirement for the fund. In order  
3 to further assure maintenance of the bond reserve funds, the  
4 treasurer of state shall, on or before January 1 of each  
5 calendar year, make and deliver to the governor the treasurer  
6 of state's certificate stating the sum, if any, required to  
7 restore each bond reserve fund to the bond reserve fund  
8 requirement for that fund. Within thirty days after the  
9 beginning of the session of the general assembly next  
10 following the delivery of the certificate, the governor shall  
11 submit to both houses printed copies of a budget including the  
12 sum, if any, required to restore each bond reserve fund to the  
13 bond reserve fund requirement for that fund. Any sums  
14 appropriated by the general assembly and paid to the treasurer  
15 of state pursuant to this subsection shall be deposited by the  
16 treasurer of state in the applicable bond reserve fund.

17 Sec. 4. NEW SECTION. 12.93 PLEDGES.

18 1. It is the intention of the general assembly that a  
19 pledge made in respect of bonds shall be valid and binding  
20 from the time the pledge is made, that the moneys or property  
21 so pledged and received after the pledge by the treasurer of  
22 state shall immediately be subject to the lien of the pledge  
23 without physical delivery or further act, and that the lien of  
24 the pledge shall be valid and binding as against all parties  
25 having claims of any kind in tort, contract, or otherwise  
26 against the treasurer of state whether or not the parties have  
27 notice of the lien.

28 2. The moneys set aside in a fund or funds pledged for any  
29 series or issue of bonds shall be held for the sole benefit of  
30 the series or issue separate and apart from moneys pledged for  
31 another series or issue of bonds of the treasurer of state.  
32 Bonds may be issued in series under one or more resolutions or  
33 trust indentures and may be fully open-ended, thus providing  
34 for the unlimited issuance of additional series, or partially  
35 open-ended, limited as to additional series.

1     Sec. 5. NEW SECTION. 12.94 LIMITATIONS.

2     Bonds issued pursuant to section 12.91 are not debts of the  
3 state, or of any political subdivision of the state, and do  
4 not constitute a pledge of the faith and credit of the state  
5 or a charge against the general credit or general fund of the  
6 state. The issuance of any bonds pursuant to section 12.91 by  
7 the treasurer of state does not directly, indirectly, or  
8 contingently obligate the state or a political subdivision of  
9 the state to apply moneys, or to levy or pledge any form of  
10 taxation whatever, to the payment of the bonds. Bonds issued  
11 under section 12.91 are payable solely and only from the  
12 sources and special fund and accounts provided in section  
13 12.92.

14     Sec. 6. NEW SECTION. 12.95 CONSTRUCTION.

15     Sections 12.91 through 12.94, being necessary for the  
16 welfare of this state and its inhabitants, shall be liberally  
17 construed to effect its purposes.

18     Sec. 7. Section 15G.108, Code Supplement 2003, is amended  
19 to read as follows:

20     15G.108 GROW IOWA VALUES FUND.

21     A grow Iowa values fund is created and established as a  
22 separate and distinct fund in the state treasury under the  
23 control of the grow Iowa values board consisting of moneys  
24 appropriated to the grow Iowa values board. Moneys in the  
25 fund are not subject to section 8.33. Notwithstanding section  
26 12C.7, interest or earnings on moneys in the fund shall be  
27 credited to the fund. Moneys in the fund shall not be subject  
28 to appropriation for any other purposes by the general  
29 assembly other than as provided in this Act and 2003 Iowa  
30 Acts, First Extraordinary Session, chapter 2, but shall be  
31 used only for the purposes of the grow Iowa values fund. The  
32 treasurer of state shall act as custodian of the fund and  
33 disburse moneys contained in the fund as directed by the grow  
34 Iowa values board, including automatic disbursements of moneys  
35 received pursuant to the terms of bond indentures and

1 documents and security provisions to trustees. The fund shall  
2 be administered by the grow Iowa values board, which shall  
3 make expenditures from the fund consistent with this chapter  
4 and pertinent Acts of the general assembly. Any financial  
5 assistance provided using moneys from the fund may be provided  
6 over a period of time of more than one year. Payments of  
7 interest, repayments of moneys loaned pursuant to this  
8 chapter, and recaptures of grants or loans shall be deposited  
9 in the fund.

10 Sec. 8. Section 15G.110, Code Supplement 2003, is amended  
11 to read as follows:

12 15G.110 FUTURE CONSIDERATION.

13 Not later than February 1, 2007, the legislative services  
14 agency shall prepare and deliver to the secretary of the  
15 senate and the chief clerk of the house of representatives  
16 identical bills that repeal the provisions of this chapter,  
17 with the exception of sections 15G.101, 15G.102, 15G.103, and  
18 15G.108. It is the intent of this section that the general  
19 assembly shall bring the bill to a vote in either the senate  
20 or the house of representatives expeditiously. It is further  
21 the intent of this chapter that if the bill is approved by the  
22 first house in which it is considered, it shall expeditiously  
23 be brought to a vote in the second house.

24 Sec. 9. COMMUNITY ATTRACTION AND TOURISM FUND  
25 APPROPRIATION. There is appropriated from the grow Iowa  
26 values fund to the office of the treasurer of state for the  
27 fiscal period beginning July 1, 2004, and ending June 30,  
28 2007, the following amount, or so much thereof as is  
29 necessary, to be used for the purposes designated:

30 For deposit in the community attraction and tourism fund  
31 created in section 15F.204:

32	FY 2004-2005.....	\$ 12,500,000
33	FY 2005-2006.....	\$ 12,500,000
34	FY 2006-2007.....	\$ 12,500,000

35 Sec. 10. 2003 Iowa Acts, First Extraordinary Session,

1 chapter 2, section 75, subsection 1, is amended to read as  
2 follows:

3 1. There is appropriated from the general fund of the  
4 state from moneys credited to the general fund of the state as  
5 a result of entering into the streamlined sales and use tax  
6 agreement, for the fiscal period year beginning July 1, 2003,  
7 and ending June 30, ~~2010~~ 2004, the following amounts amount to  
8 be used for the purpose designated:

9 For deposit in the grow Iowa values fund created in section  
10 ~~15G.107, if enacted by 2003 Iowa Acts, House File 692 or~~  
11 ~~another Act~~ 15G.108:

12	FY 2003-2004.....	\$ 5,000,000
13	<del>FY-2004-2005.....</del>	<del>-\$23,000,000</del>
14	<del>FY-2005-2006.....</del>	<del>-\$75,000,000</del>
15	<del>FY-2006-2007.....</del>	<del>-\$75,000,000</del>
16	<del>FY-2007-2008.....</del>	<del>-\$75,000,000</del>
17	<del>FY-2008-2009.....</del>	<del>-\$75,000,000</del>
18	<del>FY-2009-2010.....</del>	<del>-\$75,000,000</del>

19 Sec. 11. 2003 Iowa Acts, First Extraordinary Session,  
20 chapter 1, section 114, is amended to read as follows:

21 SEC. 114. The divisions of this Act designated the grow  
22 Iowa board and fund, with the exception of sections 15G.101,  
23 15G.102, 15G.103, and 15G.108, Code Supplement 2003, the  
24 value-added agricultural products and processes financial  
25 assistance program, the endow Iowa grants, the technology  
26 transfer advisors, the Iowa economic development loan and  
27 credit guarantee fund, the economic development assistance and  
28 data collection, the cultural and entertainment districts, the  
29 workforce issues, and the university-based research  
30 utilization program, are repealed effective June 30, 2010.

31 Sec. 12. EFFECTIVE DATE. The section of this Act amending  
32 2003 Iowa Acts, First Extraordinary Session, chapter 2,  
33 section 75, being deemed of immediate importance, takes effect  
34 upon enactment.

35

EXPLANATION

1 This bill relates to the funding of the grow Iowa values  
2 fund and provides for the issuance of tax-exempt bonds.

3 Currently, the grow Iowa values fund is funded through  
4 certain anticipated federal moneys and an annual appropriation  
5 from moneys credited to the general fund of the state as a  
6 result of entering into the streamlined sales and use tax  
7 agreement. The bill eliminates the funding from the moneys  
8 credited to the general fund of the state as a result of  
9 entering into a streamlined sales and use tax agreement. The  
10 bill allows the treasurer of state to issue bonds for the  
11 purpose of funding the grow Iowa values fund. The bill amends  
12 Code section 15G.108 relating to the grow Iowa values fund due  
13 to the partial funding of the fund through the issuance of  
14 bonds.

15 The bill provides that the treasurer of state may issue  
16 bonds in principal amounts which are necessary to provide  
17 sufficient funds for the grow Iowa values fund, the payment of  
18 interest on the bonds, the establishment of reserves to secure  
19 the bonds, the costs of issuance of the bonds, other  
20 expenditures incident to and necessary or convenient to carry  
21 out the bond issue, and all other expenditures of the grow  
22 Iowa values board necessary or convenient to administer the  
23 fund.

24 The bill provides that the bonds are payable solely and  
25 only out of the moneys, assets, or revenues of the grow Iowa  
26 values fund and any bond reserve funds. The bill provides  
27 that the bonds shall contain on their face a statement that  
28 the bonds do not constitute an indebtedness of the state and  
29 that the treasurer of state shall not pledge the credit or  
30 taxing power of this state or any political subdivision of  
31 this state or make the bonds payable out of any moneys except  
32 those in the grow Iowa values fund. The bill provides that  
33 the proceeds of the bonds not required for immediate  
34 disbursement may be deposited with a trustee or depository as  
35 provided in the bond documents and invested or reinvested in

1 any investment as directed by the board and specified in the  
2 trust indenture, resolution, or other instrument pursuant to  
3 which the bonds are issued without regard to any limitation  
4 otherwise provided by law. The bill provides certain  
5 requirements for the bonds, including the form of the bonds,  
6 that the bonds must be negotiable instruments under the laws  
7 of the state, and certain terms, conditions, and covenants for  
8 the bonds. The bill provides for who may invest in the bonds.  
9 The bill provides that the bonds must be authorized by a trust  
10 indenture, resolution, or other instrument of the treasurer of  
11 state approved by the board. The bill provides that neither  
12 the resolution, trust agreement, nor any other instrument by  
13 which a pledge is created needs to be recorded or filed under  
14 the Iowa uniform commercial code to be valid, binding, or  
15 effective.

16 The bill provides that the bonds are declared to be issued  
17 for a general public and governmental purpose and all bonds  
18 issued under the bill's provisions shall be exempt from  
19 taxation by the state of Iowa and the interest on the bonds  
20 shall be exempt from the state income tax and the state  
21 inheritance and estate tax. The bill provides that, subject  
22 to the terms of any bond documents, moneys in the grow Iowa  
23 values fund may be expended for administration expenses. The  
24 bill provides that the treasurer of state may issue bonds for  
25 the purpose of refunding any bonds or notes issued pursuant to  
26 this section then outstanding, including the payment of any  
27 redemption premiums thereon and any interest accrued or to  
28 accrue to the date of redemption of the outstanding bonds or  
29 notes.

30 The bill requires the treasurer of state to establish  
31 accounts within the grow Iowa values fund as may be  
32 appropriate. The bill defines what revenue for the grow Iowa  
33 values fund shall be deposited with the treasurer of state or  
34 the treasurer's designee as provided by any bond or security  
35 documents and credited to the debt service account. The bill

1 provides that the treasurer of state may create and establish  
2 one or more special funds, to be known as "bond reserve  
3 funds", to secure one or more issues of bonds or notes. The  
4 bill provides that moneys in a bond reserve fund shall not be  
5 withdrawn from it at any time in an amount that will reduce  
6 the amount of the fund to less than the bond reserve fund  
7 requirement established for the fund, as provided in this  
8 subsection, except for the purpose of making, with respect to  
9 bonds secured in whole or in part by the fund, payment when  
10 due of principal, interest, redemption premiums, and the  
11 sinking fund payments with respect to the bonds for the  
12 payment of which other moneys of the treasurer are not  
13 available. The bill provides that the treasurer of state  
14 shall not at any time issue bonds, secured in whole or in part  
15 by a bond reserve fund if, upon the issuance of the bonds, the  
16 amount in the bond reserve fund will be less than the bond  
17 reserve fund requirement for the fund, unless the treasurer at  
18 the time of issuance of the bonds deposits in the fund from  
19 the proceeds of the bonds issued or from other sources an  
20 amount which, together with the amount then in the fund, will  
21 not be less than the bond reserve fund requirement for the  
22 fund. The bill provides for the continued solvency of any  
23 bonds secured by a bond reserve fund.

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

34 The bill provides that the bonds or notes are not debts of  
35 the state, or of any political subdivision of the state, and

1 do not constitute a pledge of the faith and credit of the  
2 state or a charge against the general credit or general fund  
3 of the state.

4 The bill also amends a provision in Code section 8.57,  
5 which provides for the annual deposit of gambling revenues in  
6 the general fund of the state and other funds. Currently, the  
7 first \$60 million of gambling revenues is deposited in the  
8 general fund of the state and the remaining moneys are  
9 deposited in the vision Iowa fund, the school infrastructure  
10 fund, and the rebuild Iowa infrastructure fund. The bill  
11 provides that for the fiscal period beginning July 1, 2004,  
12 and ending June 30, 2030, \$29 million will be deposited in the  
13 general fund of the state, \$31 million will be deposited in  
14 the grow Iowa values fund, and the deposits for the vision  
15 Iowa fund, the school infrastructure fund, and the rebuild  
16 Iowa infrastructure fund remain unchanged. The deposits  
17 return to the manner in which they are currently distributed  
18 in the fiscal year beginning July 1, 2030. The bill provides  
19 that if gambling revenues directed to be deposited in the grow  
20 Iowa values fund, the vision Iowa fund, and the school  
21 infrastructure fund are insufficient to fully fund the  
22 required deposits in a fiscal year, the difference shall be  
23 paid from lottery revenues.

24 The bill appropriates \$12.5 million each fiscal year from  
25 the grow Iowa values fund to the office of the treasurer of  
26 state for the fiscal period beginning July 1, 2004, and ending  
27 June 30, 2007, for deposit in the community attraction and  
28 tourism fund.

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