

JAN 22 2003

ECONOMIC GROWTH

HOUSE FILE 38  
BY MURPHY

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

A BILL FOR

1 An Act relating to the creation of a center for economic  
2 development and trade program and fund, including providing  
3 bonding authority to the treasurer of state, exempting certain  
4 income from taxation, and making an appropriation.

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

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HF 38

1 Section 1. Section 8.57, subsection 5, paragraph e, Code  
2 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 and for each fiscal year thereafter, not more than a total of  
6 sixty million dollars shall be deposited in the general fund  
7 of the state in any fiscal year pursuant to sections 99D.17  
8 and 99F.11. The next fifteen million dollars of the moneys  
9 directed to be deposited in the general fund of the state in a  
10 fiscal year pursuant to sections 99D.17 and 99F.11 shall be  
11 deposited in the vision Iowa fund created in section 12.72 for  
12 the fiscal year beginning July 1, 2000, and for each fiscal  
13 year through the fiscal year beginning July 1, 2019. The next  
14 five million dollars of the moneys directed to be deposited in  
15 the general fund of the state in a fiscal year pursuant to  
16 sections 99D.17 and 99F.11 shall be deposited in the school  
17 infrastructure fund created in section 12.82 for the fiscal  
18 year beginning July 1, 2000, and for each fiscal year  
19 thereafter until the principal and interest on all bonds  
20 issued by the treasurer of state pursuant to section 12.81 are  
21 paid, as determined by the treasurer of state. The next  
22 fifteen million dollars of the moneys directed to be deposited  
23 in the general fund of the state in a fiscal year pursuant to  
24 sections 99D.17 and 99F.11 shall be deposited in the center  
25 for economic development and trade fund created in section  
26 12.92 for the fiscal year beginning July 1, 2003, and for each  
27 fiscal year through the fiscal year beginning July 1, 2022.  
28 The total moneys in excess of the moneys deposited in the  
29 general fund of the state, the vision Iowa fund, and the  
30 school infrastructure fund, and the center for economic  
31 development and trade fund in a fiscal year shall be deposited  
32 in the rebuild Iowa infrastructure fund and shall be used as  
33 provided in this section, notwithstanding section 8.60.

34 If the total amount of moneys directed to be deposited in  
35 the general fund of the state under sections 99D.17 and 99F.11

1 in a fiscal year is less than the total amount of moneys  
2 directed to be deposited in the vision Iowa fund, and the  
3 school infrastructure fund, and the center for economic  
4 development and trade fund in the fiscal year pursuant to this  
5 paragraph "e", the difference shall be paid from lottery  
6 revenues in the manner provided in section 99E.10, subsection  
7 3.

8 Sec. 2. NEW SECTION. 12.91 GENERAL AND SPECIFIC BONDING  
9 POWERS -- CENTER FOR ECONOMIC DEVELOPMENT AND TRADE PROGRAM.

10 1. The treasurer of state may issue bonds upon the request  
11 of the vision Iowa board established in section 15F.102 and do  
12 all things necessary with respect to the purposes of the  
13 center for economic development and trade fund. The treasurer  
14 of state shall have all of the powers which are necessary to  
15 issue and secure bonds and carry out the purposes of the fund.  
16 The treasurer of state may issue bonds in principal amounts  
17 which, in the opinion of the board, are necessary to provide  
18 sufficient funds for the center for economic development and  
19 trade fund created in section 12.92, the payment of interest  
20 on the bonds, the establishment of reserves to secure the  
21 bonds, the costs of issuance of the bonds, other expenditures  
22 of the treasurer of state incident to and necessary or  
23 convenient to carry out the bond issue for the fund, and all  
24 other expenditures of the board necessary or convenient to  
25 administer the fund; provided, however, excluding the issuance  
26 of refunding bonds, bonds issued pursuant to this section  
27 shall not be issued in an aggregate principal amount which  
28 exceeds three hundred million dollars. The bonds are  
29 investment securities and negotiable instruments within the  
30 meaning of and for purposes of the uniform commercial code,  
31 chapter 554.

32 2. Bonds issued under this section are payable solely and  
33 only out of the moneys, assets, or revenues of the center for  
34 economic development and trade fund and any bond reserve funds  
35 established pursuant to section 12.92, all of which may be

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

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

19 4. The bonds shall be:

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

25 b. Negotiable instruments under the laws of the state and  
26 may be sold at prices, at public or private sale, and in a  
27 manner, as prescribed by the treasurer of state. Chapters  
28 73A, 74, 74A, and 75 do not apply to the sale or issuance of  
29 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, conditions,  
33 covenants, and protective provisions safeguarding payment, not  
34 inconsistent with this section and as determined by the trust  
35 indenture, resolution, or other instrument authorizing their

1 issuance.

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

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

19 7. Neither the resolution, trust agreement, nor any other  
20 instrument by which a pledge is created needs to be recorded  
21 or filed under the uniform commercial code, chapter 554, to be  
22 valid, binding, or effective.

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

29 9. Subject to the terms of any bond documents, moneys in  
30 the center for economic development and trade fund may be  
31 expended for administration expenses.

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

1 accrue to the date of redemption of the outstanding bonds or  
2 notes. Until the proceeds of bonds issued for the purpose of  
3 refunding outstanding bonds or notes are applied to the  
4 purchase or retirement of outstanding bonds or notes or the  
5 redemption of outstanding bonds or notes, the proceeds may be  
6 placed in escrow and be invested and reinvested in accordance  
7 with the provisions of this section. The interest, income,  
8 and profits earned or realized on an investment may also be  
9 applied to the payment of the outstanding bonds or notes to be  
10 refunded by purchase, retirement, or redemption. After the  
11 terms of the escrow have been fully satisfied and carried out,  
12 any balance of proceeds and interest earned or realized on the  
13 investments may be returned to the vision Iowa board for  
14 deposit in the center for economic development and trade fund  
15 established in section 12.92. All refunding bonds shall be  
16 issued and secured and subject to the provisions of this  
17 chapter in the same manner and to the same extent as other  
18 bonds issued pursuant to this section.

19     Sec. 3. NEW SECTION. 12.92 CENTER FOR ECONOMIC  
20 DEVELOPMENT AND TRADE FUND AND RESERVE FUNDS.

21     1. A center for economic development and trade fund is  
22 created as a separate and distinct fund in the state treasury.  
23 The moneys in the fund are appropriated to the vision Iowa  
24 board for purposes of the center for economic development and  
25 trade program established in section 15F.401. Moneys in the  
26 fund shall not be subject to appropriation for any other  
27 purpose by the general assembly, but shall be used only for  
28 the purposes of the center for economic development and trade  
29 program. The treasurer of state shall act as custodian of the  
30 fund and disburse moneys contained in the fund as directed by  
31 the vision Iowa board, including automatic disbursements of  
32 funds received pursuant to the terms of bond indentures and  
33 documents and security provisions to trustees. The fund shall  
34 be administered by the vision Iowa board which shall make  
35 expenditures from the fund consistent with the purposes of the

1 center for economic development and trade program without  
2 further appropriation.

3 2. Revenue for the center for economic development and  
4 trade fund shall include, but is not limited to, the  
5 following, which shall be deposited with the treasurer of  
6 state or the treasurer's designee as provided by any bond or  
7 security documents and credited to the fund:

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

10 b. Interest attributable to investment of money in the  
11 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, repayment,  
14 judgment, transfer, payment, or appropriation from any source  
15 intended to be used for the purposes of the fund.

16 3. Moneys in the center for economic development and trade  
17 fund are not subject to section 8.33. Notwithstanding section  
18 12C.7, subsection 2, interest or earnings on moneys in the  
19 fund shall be credited to the fund.

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

1 required to be paid when the bonds are redeemed prior to  
2 maturity.

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

17     c. The treasurer of state shall not at any time issue  
18 bonds, secured in whole or in part by a bond reserve fund if,  
19 upon the issuance of the bonds, the amount in the bond reserve  
20 fund will be less than the bond reserve fund requirement for  
21 the fund, unless the treasurer at the time of issuance of the  
22 bonds deposits in the fund from the proceeds of the bonds  
23 issued or from other sources an amount which, together with  
24 the amount then in the fund, will not be less than the bond  
25 reserve fund requirement for the fund. For the purposes of  
26 this subsection, the term "bond reserve fund requirement"  
27 means, as of any particular date of computation, an amount of  
28 money, as provided in the resolutions authorizing the bonds  
29 with respect to which the fund is established.

30     d. To assure the continued solvency of any bonds secured  
31 by the bond reserve fund, provision is made in paragraph "b"  
32 for the accumulation in each bond reserve fund of an amount  
33 equal to the bond reserve fund requirement for the fund. In  
34 order further to assure maintenance of the bond reserve funds,  
35 the treasurer shall, on or before January 1 of each calendar

1 year, make and deliver to the governor the treasurer's  
2 certificate stating the sum, if any, required to restore each  
3 bond reserve fund to the bond reserve fund requirement for  
4 that fund. Within thirty days after the beginning of the  
5 session of the general assembly next following the delivery of  
6 the certificate, the governor shall submit to both houses  
7 printed copies of a budget including the sum, if any, required  
8 to restore each bond reserve fund to the bond reserve fund  
9 requirement for that fund. Any sums appropriated by the  
10 general assembly and paid to the treasurer pursuant to this  
11 subsection shall be deposited by the vision Iowa board in the  
12 applicable bond reserve fund.

13 Sec. 4. NEW SECTION. 12.93 PLEDGES.

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

24 Sec. 5. NEW SECTION. 12.94 LIMITATIONS.

25 Bonds or notes issued pursuant to section 12.91 are not  
26 debts of the state, or of any political subdivision of the  
27 state, and do not constitute a pledge of the faith and credit  
28 of the state or a charge against the general credit or general  
29 fund of the state. The issuance of any bonds or notes  
30 pursuant to section 12.91 by the treasurer of state does not  
31 directly, indirectly, or contingently obligate the state or a  
32 political subdivision of the state to apply moneys from, or to  
33 levy or pledge any form of taxation whatever, to the payment  
34 of the bonds or notes. Bonds and notes issued under section  
35 12.91 are payable solely and only from the sources and special

1 fund provided in section 12.92.

2 Sec. 6. Section 15F.103, subsections 2 and 4, Code 2003,  
3 are amended to read as follows:

4 2. Establish the vision Iowa program, ~~and the community~~  
5 attraction and tourism program, and the center for economic  
6 development and trade program.

7 4. Request the treasurer of state to issue bonds on behalf  
8 of the board for purposes of the vision Iowa program and the  
9 center for economic development and trade program.

10 Sec. 7. Section 15F.104, Code 2003, is amended to read as  
11 follows:

12 15F.104 DEPARTMENT DUTIES.

13 The department, subject to approval by the board, shall  
14 adopt administrative rules pursuant to chapter 17A necessary  
15 to administer the community attraction, ~~and~~ tourism program  
16 and the vision Iowa program, and the center for economic  
17 development and trade program. The department shall provide  
18 the board with assistance in implementing administrative  
19 functions, marketing the programs, providing technical  
20 assistance and application assistance to applicants under the  
21 programs, negotiating contracts, and providing project follow-  
22 up. The department, in cooperation with the treasurer of  
23 state, may conduct negotiations on behalf of the board with  
24 applicants regarding terms and conditions applicable to awards  
25 under the programs.

26 Sec. 8. NEW SECTION. 15F.401 CENTER FOR ECONOMIC  
27 DEVELOPMENT AND TRADE PROGRAM -- APPLICATIONS.

28 1. The board shall establish and administer a center for  
29 economic development and trade program for purposes of  
30 providing financial assistance to cities or counties in the  
31 state for the construction of a center for economic  
32 development and trade in the city or county. The financial  
33 assistance shall be from the center for economic development  
34 and trade fund created in section 12.92 and may take the form  
35 of grants, loans, forgivable loans, pledges, or credit

1 enhancements and financing instruments.

2 2. The board shall accept and review applications  
3 submitted by cities and counties for center for economic  
4 development and trade program financial assistance. The board  
5 shall approve two applications for financial assistance under  
6 the program. An application submitted by a city or county  
7 shall include all of the following:

- 8 a. An identification of investors.
- 9 b. A discussion regarding the feasibility of the proposal.
- 10 c. A strategy for incorporating the emphasis selected by
- 11 the board pursuant to 15F.402.
- 12 d. A plan for the construction, operation, and marketing
- 13 of the center.
- 14 e. Any other information deemed necessary by the board.

15 3. The board shall not award any financial assistance and  
16 shall continue to accept applications if the board deems all  
17 applications submitted to be inadequate.

18 Sec. 9. NEW SECTION. 15F.402 CENTER FOR ECONOMIC  
19 DEVELOPMENT AND TRADE EMPHASIS.

20 Prior to soliciting applications from cities and counties  
21 for center for economic development and trade program  
22 financial assistance, the board shall determine the desired  
23 emphasis of the proposed center for economic development and  
24 trade. The emphasis shall either be value-added agriculture  
25 or technology.

26 EXPLANATION

27 This bill creates the center for economic development and  
28 trade program and fund, provides bonding authority to the  
29 treasurer of state, and exempts certain income from taxation.

30 The bill provides that the vision Iowa board shall  
31 establish and administer a center for economic development and  
32 trade program for purposes of providing financial assistance  
33 for the construction of two centers for economic development  
34 and trade. The bill provides that the vision Iowa board shall  
35 only approve two applications for financial assistance under

1 the program and that an application shall include an  
2 identification of investors; a discussion regarding the  
3 feasibility of the proposal; a strategy for incorporating the  
4 emphasis selected by the vision Iowa board; a plan for the  
5 construction, operation, and marketing of a center for  
6 economic development and trade; and any other information  
7 deemed necessary by the vision Iowa board. The bill provides  
8 that the vision Iowa board shall not award any financial  
9 assistance and shall continue to accept applications if the  
10 board deems all applications submitted to be inadequate.

11 The bill provides that, prior to soliciting applications  
12 from cities and counties for center for economic development  
13 and trade program financial assistance, the vision Iowa board  
14 shall choose the desired emphasis of a proposed center for  
15 economic development and trade from either a value-added  
16 agriculture emphasis or a technology emphasis.

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

32 The bill provides for the creation of a center for economic  
33 development and trade fund as a separate and distinct fund in  
34 the state treasury to be used for purposes of the center for  
35 economic development and trade program. The bill provides

1 that the fund is administered by the vision Iowa board and  
2 that the board shall make expenditures from the fund  
3 consistent with the purposes of the center for economic  
4 development and trade program without further appropriation.  
5 The bill provides that revenue for the fund shall include  
6 proceeds of bonds issued to capitalize the fund and other  
7 moneys received for purposes of the fund. The bill provides  
8 the treasurer of state with the power to establish bond  
9 reserve funds to secure one or more issues of its bonds or  
10 notes.

11 The bill provides for the binding and valid nature of a  
12 pledge made in respect of bonds or notes issued by the  
13 treasurer of state.

14 The bill provides that obligations issued by the treasurer  
15 of state are not debts of the state or of any political  
16 subdivision of the state or a pledge of the faith and credit  
17 of the state or of any political subdivision or a charge  
18 against the general credit or general fund of the state.

19 The bill amends provisions relating to the rebuild Iowa  
20 infrastructure fund. Currently under the Code, each fiscal  
21 year the first \$60 million of gambling revenues are deposited  
22 in the general fund, the next \$15 million is deposited in the  
23 vision Iowa fund, the next \$5 million is deposited in the  
24 school infrastructure fund, and the remainder of the gambling  
25 revenues is deposited in the rebuild Iowa infrastructure fund.  
26 The bill provides that, prior to gambling revenues being  
27 deposited in the rebuild Iowa infrastructure fund in the  
28 fiscal year beginning July 1, 2003, and each fiscal year  
29 thereafter through the fiscal year beginning July 1, 2021, \$15  
30 million of gambling revenues shall be deposited in the center  
31 for economic development and trade fund. The bill includes  
32 the center for economic development and trade fund under a  
33 provision that provides that if the total amount of gambling  
34 revenues in a fiscal year is less than the total amount of  
35 moneys directed to be deposited in the vision Iowa fund and

1 the school infrastructure fund in the fiscal year, the  
2 difference shall be paid from lottery revenues.

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