

SENATE FILE 2215
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 3032)

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

A BILL FOR

1 An Act relating to the investment of moneys of the Iowa finance
2 authority in funds within the office of the treasurer of
3 state.

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

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SENATE FILE 2215

S-5247

1 Amend Senate File 2215 as follows:
2 1. Page 1, by striking line 4 and inserting the
3 following: "the state treasury under the control of
4 the authority and invest moneys of the".
5 2. Page 1, line 7, by striking the word
6 "authority" and inserting the following: "treasurer
7 of state".
8 3. Page 1, line 10, by inserting after the word
9 "fund." the following: "For purposes of this
10 subsection, the treasurer of state shall enter into an
11 agreement with the authority to carry out the
12 provisions of this subsection."

By PAUL MCKINLEY

S-5247 FILED APRIL 1, 2004

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SF 2215 WAYS & MEANS

1 Section 1. Section 16.5, Code 2003, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 18. Establish one or more funds within
4 the office of the treasurer of state and invest moneys of the
5 authority therein. Notwithstanding section 8.33 or 12C.7, or
6 any other provision to the contrary, moneys invested by the
7 authority pursuant to this subsection shall not revert to the
8 general fund of the state and interest accrued on the moneys
9 shall be moneys of the authority and shall not be credited to
10 the general fund.

11 **EXPLANATION**

12 This bill relates to the investment of moneys of the Iowa
13 finance authority in funds within the office of the treasurer
14 of state.

15 The bill provides that the authority may establish one or
16 more funds within the office of the treasurer of state and
17 invest moneys of the authority in such funds. The bill
18 provides that, notwithstanding any provision to the contrary,
19 moneys invested by the authority in such funds shall not
20 revert to the general fund and interest accrued shall be
21 moneys of the authority and shall not be credited to the
22 general fund.

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**EIGHTIETH GENERAL ASSEMBLY
2004 REGULAR SESSION
DAILY
SENATE CLIP SHEET**

MARCH 8, 2004

**Fiscal Services Division
Legislative Services Agency
Fiscal Note**

SF 2215 - IFA Investment of Funds (LSB 5271 SV)
Analyst: David Reynolds (Phone: (515) 281-6934) (dave.reynolds@legis.state.ia.us)
Fiscal Note Version - New

Description

Senate File 2215 allows the Iowa Finance Authority to establish separate funds within the Office of the Treasurer of State to invest proceeds from the issuance of bonds with the State's pooled investments. Under current law, the Authority invests bond proceeds into guaranteed investment contracts (GICs) pending the use of the funds for the intended purpose. These are typically short-term investments. This Bill would allow the Authority to use a State pooled investment account as an alternative to a guaranteed investment contract when it becomes economically feasible.

Assumptions

1. The Iowa Finance Authority issues bonds under the FirstHome Program about three times per year at approximately \$45.0 million to \$50.0 million per issue.
2. The rate of return on guaranteed investment contracts has ranged from 1.12% to 1.81% in calendar year 2002 and 2003. The rate of return on the State pooled investments has been approximately 0.81% to 0.89% higher than the guaranteed investment contracts during this same period.

Fiscal Impact

Senate File 2215 would allow the Iowa Finance Authority to generate additional interest revenue for programs administered by the Authority (i.e., housing and the State Revolving Fund programs) during times when the rate of return on the State's pooled investments is greater than the guaranteed investment contract rates.

If current market conditions persist, the Authority could earn an additional \$250,000 to \$300,000 annually to benefit programs administered by the Authority.

Source

Iowa Finance Authority

Dennis C Prouty

March 4, 2004

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.

SENATE FILE 2215
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 3032)
(AS AMENDED AND PASSED BY THE SENATE APRIL 7, 2004)

_____ - New Language by the Senate

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

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S.F. 2215

1 Section 1. Section 16.5, Code 2003, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 18. Establish one or more funds within
4 the state treasury under the control of the authority and
5 invest moneys of the authority therein. Notwithstanding
6 section 8.33 or 12C.7, or any other provision to the contrary,
7 moneys invested by the treasurer of state pursuant to this
8 subsection shall not revert to the general fund of the state
9 and interest accrued on the moneys shall be moneys of the
10 authority and shall not be credited to the general fund. For
11 purposes of this subsection, the treasurer of state shall
12 enter into an agreement with the authority to carry out the
13 provisions of this subsection.

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Mckinley
Shull
Connolly

Succeeded By SSB# 3032
Sr/HF 2215

SENATE/HOUSE FILE Ways & Means
BY (PROPOSED IOWA FINANCE
AUTHORITY BILL)

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

A BILL FOR

1 An Act relating to the investment of moneys of the Iowa finance
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EXPLANATION

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MEMO

To: Members of the General Assembly

From: Loyd Ogle, Director of Policy and Government Affairs

This bill will allow the Iowa Finance Authority (IFA) to invest short term moneys with other moneys held by the state through the Treasurer's Office and retain the earnings. Currently, monies held in short term accounts at IFA cannot be pooled with other funds held by the Treasurer's Office because under Iowa law earnings are retained by the state and not IFA. This prevents IFA from pooling moneys with the state, where the return on the investment would be greater than when moneys are invested separately. In some cases earning from moneys held by IFA cannot by federal law be used for any other purpose other than the federally authorized program.

This bill would allow IFA to invest its funds with other state moneys and retain the earnings, so as to realize a greater return on our investments, while having no revenue impact on the state budget.

Thomas J. Vilsack
Governor

Sally J. Pederson
Lt. Governor

Michael L. Tramontina
Executive Director

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enter into an agreement with the authority to carry out the provisions of this subsection.

SENATE FILE 2215

AN ACT

RELATING TO THE INVESTMENT OF MONEYS OF THE IOWA FINANCE
AUTHORITY IN FUNDS WITHIN THE OFFICE OF THE TREASURER OF
STATE.

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

Section 1. Section 16.5, Code 2003, is amended by adding the following new subsection:

NEW SUBSECTION. 18. Establish one or more funds within the state treasury under the control of the authority and invest moneys of the authority therein. Notwithstanding section 8.33 or 12C.7, or any other provision to the contrary, moneys invested by the treasurer of state pursuant to this subsection shall not revert to the general fund of the state and interest accrued on the moneys shall be moneys of the authority and shall not be credited to the general fund. For purposes of this subsection, the treasurer of state shall

JEFFREY M. LAMBERTI
President of the Senate

CHRISTOPHER C. RANTS
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2215, Eightieth General Assembly.

MICHAEL E. MARSHALL
Secretary of the Senate

Approved _____, 2004

THOMAS J. VILSACK
Governor