

Senate Study Bill 1267

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
ECONOMIC GROWTH BILL BY
CO=CHAIRPERSON HATCH)

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

A BILL FOR

1 An Act relating to vertical infrastructure funding by providing
2 for the crediting of gambling revenues, authorizing the
3 issuance of bonds to provide vertical infrastructure funding,
4 and making appropriations.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
6 TLSB 2541XC 81
7 jp/cf/24

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1 1 Section 1. Section 8.22A, subsection 5, paragraph b, Code
2 2005, is amended to read as follows:

1 3 b. The amount of revenue for the following fiscal year
1 4 from gambling revenues and from interest earned on the cash
1 5 reserve fund and the economic emergency fund to be ~~deposited~~
~~1 6 in the rebuild Iowa infrastructure fund under credited to~~
~~1 7 various funds in accordance with section 8.57, subsection 6,~~
~~1 8 paragraph "e" 7.~~

1 9 Sec. 2. Section 8.57, subsection 6, paragraphs e, f, and
1 10 g, Code 2005, are amended by striking the paragraphs.

1 11 Sec. 3. Section 8.57, Code 2005, is amended by adding the
1 12 following new subsection:

1 13 NEW SUBSECTION. 7. The moneys identified in sections
1 14 99D.17, 99F.4A, 99F.10, and 99F.11, and in other law as being
1 15 credited as provided in this section shall be credited in the
1 16 following order:

1 17 a. The first sixty million dollars shall be credited to
1 18 the general fund of the state.

1 19 b. The next fifteen million dollars shall be credited to
1 20 the vision Iowa fund created in section 12.72 for the fiscal
1 21 year beginning July 1, 2005, and for each fiscal year through
1 22 the fiscal year beginning July 1, 2019.

1 23 c. The next five million dollars shall be credited to the
1 24 school infrastructure fund created in section 12.82 for the
1 25 fiscal year beginning July 1, 2005, and for each fiscal year
1 26 thereafter until the principal and interest on all bonds
1 27 issued by the treasurer of state pursuant to section 12.81 are
1 28 paid, as determined by the treasurer of state. This paragraph
1 29 is repealed on July 1 following the fiscal year in which the
1 30 treasurer of state's determination is made. The treasurer of
1 31 state shall notify the Code editor when the determination is
1 32 made.

1 33 d. For the fiscal year beginning July 1, 2005, the next
1 34 four million one hundred one thousand dollars, for the fiscal
1 35 year beginning July 1, 2006, the next eight million two
2 1 hundred two thousand dollars, and for the fiscal year
2 2 beginning July 1, 2007, and for each fiscal year through the
2 3 fiscal year beginning July 1, 2014, the next thirty-three
2 4 million one hundred thousand dollars shall be credited to the
2 5 vertical infrastructure fund created in section 8.57B to be
2 6 used as provided in section 8.57B, subsection 5, paragraph
2 7 "a", to pay the principal and interest on bonds issued by the
2 8 treasurer of state pursuant to sections 12.91 through 12.95.

2 9 e. The following amounts shall be credited proportionately
2 10 as received, based upon each amount's relative share of the
2 11 total listed under this paragraph "e":

2 12 (1) Thirty-five million dollars shall be credited to the
2 13 environment first fund created in section 8.57A.

2 14 (2) Ten million dollars shall be credited to the secure an

2 15 advanced vision for education fund created in section 423E.4
2 16 for each fiscal year of the fiscal period beginning July 1,
2 17 2005, and ending June 30, 2014.

2 18 (3) For the fiscal year beginning July 1, 2005, twenty=
2 19 one million four hundred fifty thousand dollars, and for the
2 20 fiscal year beginning July 1, 2006, eleven million fifty
2 21 thousand dollars, shall be credited to the rebuild Iowa
2 22 infrastructure fund.

2 23 f. The remainder shall be credited to the vertical
2 24 infrastructure fund created in section 8.57B.

2 25 Sec. 4. Section 8.57A, subsection 4, Code 2005, is amended
2 26 by striking the subsection.

2 27 Sec. 5. Section 8.57B, subsection 4, Code 2005, is amended
2 28 to read as follows:

2 29 4. ~~There is appropriated from Prior to moneys being~~
2 30 ~~credited to the rebuild Iowa infrastructure fund to the~~
2 31 ~~vertical infrastructure fund, the following:~~

2 32 ~~For as provided in section 8.57, subsection 7, paragraph~~
2 33 ~~"e", subparagraph (3), for the fiscal year beginning July 1,~~
2 34 ~~2005, and ending June 30, 2006, the sum of the moneys~~
2 35 ~~identified in sections 99D.17, 99F.4A, 99F.10, and 99F.11 as~~
3 1 ~~being credited as provided in section 8.57, fifteen million~~
3 2 ~~dollars shall be credited to the vertical infrastructure fund.~~

3 3 ~~This subsection is repealed July 1, 2006.~~

3 4 Sec. 6. Section 8.57B, Code 2005, is amended by adding the
3 5 following new subsection:

3 6 NEW SUBSECTION. 5. a. There is appropriated from the
3 7 vertical infrastructure fund for each fiscal year an amount
3 8 sufficient to service the bonds issued by the treasurer of
3 9 state pursuant to sections 12.91 through 12.95.

3 10 b. Fifty million dollars is appropriated from the vertical
3 11 infrastructure fund for each fiscal year to the successor fund
3 12 to the grow Iowa values fund, previously established in
3 13 section 15G.108, Code Supplement 2003, if established. Moneys
3 14 appropriated in this paragraph shall be used for vertical
3 15 infrastructure needs associated with awards made from the
3 16 successor fund.

3 17 Sec. 7. Section 8.58, Code 2005, is amended to read as
3 18 follows:

3 19 8.58 EXEMPTION FROM AUTOMATIC APPLICATION.

3 20 To the extent that moneys appropriated under section 8.57
3 21 do not result in moneys being credited to the general fund
3 22 under section 8.55, subsection 2, moneys appropriated under
3 23 section 8.57 and moneys contained in the cash reserve fund,
3 24 rebuild Iowa infrastructure fund, environment first fund,
3 25 vertical infrastructure fund, and Iowa economic emergency fund
3 26 shall not be considered in the application of any formula,
3 27 index, or other statutory triggering mechanism which would
3 28 affect appropriations, payments, or taxation rates, contrary
3 29 provisions of the Code notwithstanding.

3 30 To the extent that moneys appropriated under section 8.57
3 31 do not result in moneys being credited to the general fund
3 32 under section 8.55, subsection 2, moneys appropriated under
3 33 section 8.57 and moneys contained in the cash reserve fund,
3 34 rebuild Iowa infrastructure fund, environment first fund,
3 35 vertical infrastructure fund, and Iowa economic emergency fund
4 1 shall not be considered by an arbitrator or in negotiations
4 2 under chapter 20.

4 3 Sec. 8. NEW SECTION. 12.91 GENERAL AND SPECIFIC BONDING
4 4 POWERS == VERTICAL INFRASTRUCTURE PROGRAMS.

4 5 1. The treasurer of state may issue bonds of the state for
4 6 the purpose of providing a portion of the funding for the
4 7 vertical infrastructure fund created in section 8.57B. The
4 8 treasurer of state shall have all of the powers which are
4 9 necessary to issue and secure bonds and carry out the purposes
4 10 of the fund. The treasurer of state may issue bonds in
4 11 principal amounts that do not exceed, in the aggregate and
4 12 excluding refunding bonds, two hundred million dollars to
4 13 provide funds for the vertical infrastructure fund, to provide
4 14 for any capitalized interest on the bonds determined by the
4 15 treasurer of state to be appropriate, to provide for the
4 16 establishment of reserves to secure the bonds, and to provide
4 17 for the payment of the costs of issuance of the bonds, other
4 18 expenditures of the treasurer of state incident to and
4 19 necessary or convenient to carry out the bond issue for the
4 20 fund, and all other expenditures of the board necessary or
4 21 convenient to administer the fund. The bonds are investment
4 22 securities and negotiable instruments within the meaning of
4 23 and for purposes of the uniform commercial code.

4 24 2. Bonds issued under this section are payable solely and
4 25 only out of the moneys, assets, or revenues of the vertical

4 26 infrastructure fund and any bond reserve funds established
4 27 pursuant to section 12.92, all of which may be deposited with
4 28 trustees or depositories in accordance with bond or security
4 29 documents and may be pledged by the treasurer of state to the
4 30 payment thereof. Bonds issued under this section shall
4 31 contain a statement that the bonds do not constitute an
4 32 indebtedness of the state. The treasurer of state shall not
4 33 pledge the credit or taxing power of this state or any
4 34 political subdivision of this state or make bonds issued
4 35 pursuant to this section payable out of any moneys except
5 1 those in the vertical infrastructure fund.

5 2 3. The proceeds of bonds issued by the treasurer of state
5 3 and not required for immediate disbursement may be held by the
5 4 treasurer of state or may be deposited with a trustee or
5 5 depository as provided in the bond documents and invested or
5 6 reinvested in any investment as directed by the treasurer of
5 7 state and specified in the trust indenture, resolution, or
5 8 other instrument pursuant to which the bonds are issued
5 9 without regard to any limitation otherwise provided by law.

5 10 4. The bonds shall be all of the following:

5 11 a. In a form, issued in denominations, executed in a
5 12 manner, and payable over terms and with rights of redemption,
5 13 and be subject to the terms, conditions and covenants
5 14 providing for the payment of the principal of, redemption
5 15 premiums, if any, interest which may be fixed or variable
5 16 during any period the bonds are outstanding, and such other
5 17 terms and conditions as prescribed in the trust indenture,
5 18 resolution, or other instrument authorizing their issuance.

5 19 b. Negotiable instruments under the laws of the state and
5 20 may be sold at prices, at public or private sale, and in a
5 21 manner, as prescribed by the treasurer of state. Chapters
5 22 73A, 74, 74A, and 75 do not apply to the sale or issuance of
5 23 the bonds.

5 24 c. Subject to the terms, conditions, and covenants
5 25 providing for the payment of the principal, redemption
5 26 premiums, if any, interest, and other terms, conditions,
5 27 covenants, and protective provisions safeguarding payment, not
5 28 inconsistent with this section and as determined by the trust
5 29 indenture, resolution, or other instrument authorizing their
5 30 issuance.

5 31 5. The bonds are securities in which public officers and
5 32 bodies of this state, political subdivisions of this state,
5 33 insurance companies and associations and other persons
5 34 carrying on an insurance business, banks, trust companies,
5 35 savings associations, savings and loan associations, and
6 1 investment companies; administrators, guardians, executors,
6 2 trustees, and other fiduciaries; and other persons authorized
6 3 to invest in bonds or other obligations of the state may
6 4 properly and legally invest funds, including capital, in their
6 5 control or belonging to them.

6 6 6. Bonds must be authorized by a trust indenture,
6 7 resolution, or other instrument of the treasurer of state.

6 8 7. Neither the resolution, trust indenture, nor any other
6 9 instrument by which a pledge is created needs to be recorded
6 10 or filed under the Iowa uniform commercial code to be valid,
6 11 binding, or effective.

6 12 8. Bonds issued under the provisions of this section are
6 13 declared to be issued for a general public and governmental
6 14 purpose and all bonds issued under this section shall be
6 15 exempt from taxation by the state of Iowa and the interest on
6 16 the bonds shall be exempt from the state income tax and the
6 17 state inheritance and estate tax.

6 18 9. Subject to the terms of any bond documents, moneys in
6 19 the vertical infrastructure fund may be expended for
6 20 administration expenses.

6 21 10. The treasurer of state may issue bonds for the purpose
6 22 of refunding any bonds issued pursuant to this section then
6 23 outstanding, including the payment of any redemption premiums
6 24 thereon and any interest accrued or to accrue to the date of
6 25 redemption of the outstanding bonds. Until the proceeds of
6 26 bonds issued for the purpose of refunding outstanding bonds
6 27 are applied to the purchase or retirement of outstanding
6 28 bonds, the proceeds may be placed in escrow and be invested
6 29 and reinvested in accordance with the provisions of this
6 30 section. The interest, income, and profits earned or realized
6 31 on an investment may also be applied to the payment of the
6 32 outstanding bonds to be refunded by purchase, retirement, or
6 33 redemption. After the terms of the escrow have been fully
6 34 satisfied and carried out, any balance of proceeds and
6 35 interest earned or realized on the investments may be returned
7 1 to the treasurer of state for deposit in the vertical

7 2 infrastructure fund established in section 8.57B. All
7 3 refunding bonds shall be issued and secured and subject to the
7 4 provisions of this chapter in the same manner and to the same
7 5 extent as other bonds issued pursuant to this section.

7 6 11. The treasurer of state shall have all of the powers
7 7 which are necessary to issue and secure bonds including but
7 8 not limited to the power to procure insurance, other credit
7 9 enhancements, and other financing arrangements, and to execute
7 10 instruments and contracts and to enter into agreements
7 11 convenient or necessary to facilitate financing arrangements
7 12 with respect to the bonds and to carry out the purposes of the
7 13 fund, including but not limited to such arrangements,
7 14 instruments, contracts and agreements as municipal bond
7 15 insurance, self-insurance or liquidity trusts, accounts, pools
7 16 or other arrangements, liquidity facilities or covenants,
7 17 letters of credit, and interest rate agreements.

7 18 12. For purposes of this section and sections 12.92
7 19 through 12.95, the term "bonds" means bonds, notes, and other
7 20 obligations and financing arrangements issued or entered into
7 21 by the treasurer of state and the term "interest rate
7 22 agreement" means an interest rate swap or exchange agreement,
7 23 an agreement establishing an interest rate floor or ceiling or
7 24 both, or any similar agreement. Any such agreement may
7 25 include the option to enter into or cancel the agreement or to
7 26 reverse or extend the agreement.

7 27 Sec. 9. NEW SECTION. 12.92 VERTICAL INFRASTRUCTURE FUND
7 28 == ACCOUNTS AND RESERVE FUNDS.

7 29 1. The treasurer of state shall establish such accounts
7 30 within the vertical infrastructure fund as may be appropriate
7 31 including debt service accounts for the purpose of paying the
7 32 principal of, redemption premium, if any, and interest on
7 33 bonds payable therefrom. Moneys in the debt service accounts
7 34 shall not be subject to appropriation for any other purpose by
7 35 the general assembly, but shall be used only for the purposes
8 1 of paying the principal of, redemption premium, if any, and
8 2 interest on the bonds payable therefrom.

8 3 2. Revenue for a debt service account shall include, but
8 4 is not limited to, all of the following, which shall be
8 5 deposited with the treasurer of state or the treasurer's
8 6 designee as provided by any bond or security documents and
8 7 credited to the debt service account:

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

8 10 b. Interest attributable to investment of moneys in the
8 11 fund or an account of the fund.

8 12 c. Moneys in the form of a devise, gift, bequest,
8 13 donation, federal or other grant, reimbursement, repayment,
8 14 judgment, transfer, payment, or appropriation from any source
8 15 intended to be used for the purposes of the fund or account.

8 16 d. Moneys deposited in the vertical infrastructure fund
8 17 pursuant to section 8.57, subsection 7, paragraph "d", or
8 18 section 99G.39, subsection 3, paragraph "a".

8 19 3. a. The treasurer of state may create and establish one
8 20 or more special funds, to be known as bond reserve funds, to
8 21 secure one or more issues of bonds issued pursuant to section
8 22 12.91. The treasurer of state shall pay into each bond
8 23 reserve fund any moneys appropriated and made available by the
8 24 state or the treasurer for the purpose of the fund, any
8 25 proceeds of sale of bonds to the extent provided in the
8 26 resolutions or trust indentures authorizing their issuance,
8 27 and any other moneys which may be available to the treasurer
8 28 for the purpose of the fund from any other sources. All
8 29 moneys held in a bond reserve fund, except as otherwise
8 30 provided in this chapter, shall be used as required solely for
8 31 the payment of the principal of bonds secured in whole or in
8 32 part by the fund or of the sinking fund payments with respect
8 33 to the bonds, the purchase or redemption of the bonds, the
8 34 payment of interest on the bonds, or the payments of any
8 35 redemption premium required to be paid when the bonds are
9 1 redeemed prior to maturity.

9 2 b. Moneys in a bond reserve fund shall not be withdrawn
9 3 from the bond reserve fund at any time in an amount that will
9 4 reduce the amount of the fund to less than the bond reserve
9 5 fund requirement established for the fund, as provided in this
9 6 subsection, except for the purpose of making, with respect to
9 7 bonds secured in whole or in part by the fund, payment when
9 8 due of principal, interest, redemption premiums, and the
9 9 sinking fund payments with respect to the bonds for the
9 10 payment of which other moneys of the treasurer are not
9 11 available. Any income or interest earned by, or incremental
9 12 to, a bond reserve fund due to the investment of moneys in the

9 13 fund may be transferred by the treasurer to other funds or
9 14 accounts to the extent the transfer does not reduce the amount
9 15 of that bond reserve fund below the bond reserve fund
9 16 requirement for the fund.

9 17 c. The treasurer of state shall not at any time issue
9 18 bonds, secured in whole or in part by a bond reserve fund, if,
9 19 upon the issuance of the bonds, the amount in the bond reserve
9 20 fund will be less than the bond reserve fund requirement for
9 21 the fund, unless the treasurer at the time of issuance of the
9 22 bonds deposits in the fund from the proceeds of the bonds
9 23 issued or from other sources an amount which, together with
9 24 the amount then in the fund, will not be less than the bond
9 25 reserve fund requirement for the fund. For the purposes of
9 26 this subsection, the term "bond reserve fund requirement"
9 27 means, as of any particular date of computation, an amount of
9 28 money, as provided in the resolutions or trust indentures
9 29 authorizing the bonds with respect to which the fund is
9 30 established.

9 31 d. To assure the continued solvency of any bonds secured
9 32 by the bond reserve fund, provision is made in paragraph "c"
9 33 for the accumulation in each bond reserve fund of an amount
9 34 equal to the bond reserve fund requirement for the fund. In
9 35 order to further assure maintenance of the bond reserve funds,
10 1 the treasurer shall, on or before January 1 of each calendar
10 2 year, make and deliver to the governor the treasurer's
10 3 certificate stating the sum, if any, required to restore each
10 4 bond reserve fund to the bond reserve fund requirement for
10 5 that fund. Within thirty days after the beginning of the
10 6 session of the general assembly next following the delivery of
10 7 the certificate, the governor shall submit to both houses
10 8 printed copies of a budget including the sum, if any, required
10 9 to restore each bond reserve fund to the bond reserve fund
10 10 requirement for that fund. Any sums appropriated by the
10 11 general assembly and paid to the treasurer pursuant to this
10 12 subsection shall be deposited by the treasurer in the
10 13 applicable bond reserve fund.

10 14 Sec. 10. NEW SECTION. 12.93 PLEDGES.

10 15 1. It is the intention of the general assembly that a
10 16 pledge made in respect of bonds shall be valid and binding
10 17 from the time the pledge is made, that the money or property
10 18 so pledged and received after the pledge by the treasurer of
10 19 state shall immediately be subject to the lien of the pledge
10 20 without physical delivery or further act, and that the lien of
10 21 the pledge shall be valid and binding as against all parties
10 22 having claims of any kind in tort, contract, or otherwise
10 23 against the treasurer of state whether or not the parties have
10 24 notice of the lien.

10 25 2. The money set aside in a fund or funds pledged for any
10 26 series or issue of bonds shall be held for the sole benefit of
10 27 the series or issue separate and apart from money pledged for
10 28 another series or issue of bonds of the treasurer of state.
10 29 Bonds may be issued in series under one or more resolutions or
10 30 trust indentures and may be fully open-ended, thus providing
10 31 for the unlimited issuance of additional series, or partially
10 32 open-ended, limited as to additional series.

10 33 Sec. 11. NEW SECTION. 12.94 LIMITATIONS.

10 34 Bonds issued pursuant to section 12.91 are not debts of the
10 35 state, or of any political subdivision of the state, and do
11 1 not constitute a pledge of the faith and credit of the state
11 2 or a charge against the general credit or general fund of the
11 3 state. The issuance of any bonds pursuant to section 12.91 by
11 4 the treasurer of state does not directly, indirectly, or
11 5 contingently obligate the state or a political subdivision of
11 6 the state to apply moneys from, or to levy or pledge any form
11 7 of taxation whatever to, the payment of the bonds. Bonds
11 8 issued under section 12.91 are payable solely and only from
11 9 the sources and special fund and accounts provided in section
11 10 12.92.

11 11 Sec. 12. NEW SECTION. 12.95 CONSTRUCTION.

11 12 Sections 12.91 through 12.94, being necessary for the
11 13 welfare of this state and its inhabitants, shall be liberally
11 14 construed to effect their purposes.

11 15 Sec. 13. Section 99D.14, subsections 2 and 3, Code 2005,
11 16 are amended to read as follows:

11 17 2. A licensee shall pay a regulatory fee to be charged as
11 18 provided in this section. In determining the regulatory fee
11 19 to be charged as provided under this section, the commission
11 20 shall use the amount appropriated to the commission plus the
11 21 cost of salaries for no more than two special agents for each
11 22 racetrack that has not been issued a table games license under
11 23 chapter 99F or no more than three special agents for each

11 24 racetrack that has been issued a table games license under
11 25 chapter 99F, plus any direct and indirect support costs for
11 26 the agents, for the division of criminal investigation's
11 27 racetrack activities, as the basis for determining the amount
11 28 of revenue to be raised from the regulatory fee. The
11 29 regulatory fee payments shall be credited to the general fund
11 30 of the state.

11 31 3. The licensee shall also pay to the commission a
11 32 licensee fee of two hundred dollars for each racing day of
11 33 each horse-race or dog-race meeting for which a license has
11 34 been issued. The licensee fee payments shall be credited to
11 35 the general fund of the state.

12 1 Sec. 14. Section 99D.15, subsection 5, Code 2005, is
12 2 amended to read as follows:
12 3 5. An amount equal to one-half of one percent of the gross
12 4 sum wagered by the pari-mutuel method shall be ~~deposited into~~
12 5 credited to the gambling treatment fund created in section
12 6 135.150 from the tax revenue received by the commission
12 7 pursuant to subsections 1 and 3. The remaining revenues
12 8 received by the commission pursuant to this section shall be
12 9 credited as provided in section 99D.17.

12 10 Sec. 15. Section 99D.17, Code 2005, is amended to read as
12 11 follows:

12 12 99D.17 USE OF FUNDS.

12 13 ~~Funds Unless specifically provided otherwise, funds~~
12 14 ~~received pursuant to sections 99D.14 and 99D.15 shall be~~
12 15 ~~deposited in the general fund of the state and shall be~~
12 16 ~~subject to the requirements of section 8.60. These funds~~
12 17 ~~shall first be used to the extent appropriated by the general~~
12 18 ~~assembly credited as provided in section 8.57. The commission~~
12 19 ~~is subject to the budget requirements of chapter 8 and the~~
12 20 ~~applicable auditing requirements and procedures of chapter 11.~~

12 21 Sec. 16. Section 99F.4A, subsection 8, unnumbered
12 22 paragraph 1, Code 2005, is amended to read as follows:

12 23 The commission shall, upon the immediate payment of the
12 24 applicable table games license fee and submission to the
12 25 commission by June 1, 2005, of an application by a licensee of
12 26 a pari-mutuel dog or horse racetrack licensed to conduct
12 27 gambling games at a pari-mutuel racetrack enclosure, issue a
12 28 license to the licensee to conduct table games of chance,
12 29 including video machines that simulate table games of chance,
12 30 at the pari-mutuel racetrack enclosure subject to the
12 31 requirements of this subsection. However, a table games
12 32 license may only be issued to a licensee required to pay a
12 33 table games license fee of three million dollars under this
12 34 subsection if the licensee, and all other licensees of an
12 35 excursion gambling boat in that county, file an agreement with
13 1 the commission authorizing the granting of a table games
13 2 license under this subsection and permitting all licensees of
13 3 an excursion gambling boat to operate a moored barge as of a
13 4 specific date. The licensee shall be granted a table games
13 5 license by the commission without conducting a separate
13 6 referendum authorizing table games upon payment of the
13 7 applicable license fee to the commission which table games
13 8 license fee may be offset by the licensee against taxes
13 9 imposed on the licensee by section 99F.11, to the extent of
13 10 twenty percent of the table games license fee paid pursuant to
13 11 this subsection for each of five consecutive fiscal years
13 12 beginning with the fiscal year beginning July 1, 2008. Fees
13 13 paid pursuant to this subsection are not refundable to the
13 14 licensee. A licensee shall not be required to pay a fee to
13 15 renew a table games license issued pursuant to this
13 16 subsection. Moneys collected by the commission from a table
13 17 games license fee paid under this subsection shall be
13 18 ~~deposited in the rebuild Iowa infrastructure fund created~~
13 19 credited as provided in section 8.57.

13 20 Sec. 17. Section 99F.10, subsection 7, Code 2005, is
13 21 amended to read as follows:

13 22 7. In addition to any other fees required by this chapter,
13 23 a person awarded a new license to conduct gambling games
13 24 pursuant to section 99F.7 on or after January 1, 2004, shall
13 25 pay the applicable initial license fee to the commission as
13 26 provided by this subsection. A person awarded a new license
13 27 shall pay one-fifth of the applicable initial license fee
13 28 immediately upon the granting of the license, one-fifth of the
13 29 applicable initial license fee within one year of the granting
13 30 of the license, one-fifth of the applicable initial license
13 31 fee within two years of the granting of the license, one-
13 32 fifth of the applicable initial license fee within three years
13 33 of the granting of the license, and the remaining one-fifth of
13 34 the applicable initial license fee within four years of the

13 35 granting of the license. However, the license fee provided
14 1 for in this subsection shall not apply when a licensed
14 2 facility is sold and a new license is issued to the purchaser.
14 3 Fees paid pursuant to this subsection are not refundable to
14 4 the licensee. For purposes of this subsection, the applicable
14 5 initial license fee shall be five million dollars if the
14 6 population of the county where the licensee shall conduct
14 7 gambling games is fifteen thousand or less based upon the most
14 8 recent federal decennial census, shall be ten million dollars
14 9 if the population of the county where the licensee shall
14 10 conduct gambling games is more than fifteen thousand and less
14 11 than one hundred thousand based upon the most recent federal
14 12 decennial census, and shall be twenty million dollars if the
14 13 population of the county where the licensee shall conduct
14 14 gambling games is one hundred thousand or more based upon the
14 15 most recent federal decennial census. Moneys collected by the
14 16 commission from an initial license fee paid under this
14 17 subsection shall be ~~deposited in the rebuild Iowa~~
~~14 18 infrastructure fund created~~ credited as provided in section
14 19 8.57.

14 20 Sec. 18. Section 99F.11, subsection 3, paragraph e, Code
14 21 2005, is amended to read as follows:

14 22 e. The remaining amount of the adjusted gross receipts tax
14 23 shall be credited ~~to the general fund of the state as provided~~
14 24 in section 8.57.

14 25 Sec. 19. Section 99G.39, subsection 3, paragraph a, Code
14 26 2005, is amended to read as follows:

14 27 a. Notwithstanding subsection 1, if gaming revenues under
14 28 sections 99D.17 and 99F.11 are insufficient in a fiscal year
14 29 to meet the total amount of such revenues directed to be
14 30 ~~deposited in~~ credited to the vision Iowa fund and the school
14 31 infrastructure fund during the fiscal year pursuant to section
14 32 8.57, subsection 6, ~~paragraph "e", 7, and the amount required~~
14 33 for the payment of debt obligations under the vertical

14 34 infrastructure fund, the difference shall be paid from lottery
14 35 revenues prior to deposit of the lottery revenues in the
15 1 general fund. If lottery revenues are insufficient during the
15 2 fiscal year to pay the difference, the remaining difference
15 3 shall be paid from lottery revenues in subsequent fiscal years
15 4 as such revenues become available.

15 5 Sec. 20. 2004 Iowa Acts, chapter 1136, section 64,
15 6 subsection 4, is amended to read as follows:

15 7 4. The 2005 ~~and 2006~~ rebuild Iowa infrastructure
15 8 ~~assessments~~ assessment imposed by this section shall be
15 9 deposited in the rebuild Iowa infrastructure fund created in
15 10 section 8.57. The 2006 rebuild Iowa infrastructure assessment
15 11 imposed by this section shall be credited as provided in
15 12 section 8.57.

15 13 Sec. 21. Notwithstanding the amendments to sections 8.57,
15 14 99D.10, and 99F.11, enacted by this Act, the requirement
15 15 enacted in 2001 Iowa Acts, chapter 174, section 1, providing
15 16 for the deposit of gambling revenues under sections 99D.17 and
15 17 99F.11 in the endowment for Iowa's health account of the
15 18 tobacco settlement trust fund shall remain in effect.

EXPLANATION

15 20 This bill relates to vertical infrastructure funding by
15 21 providing for the crediting of gambling revenues, authorizing
15 22 the issuance of bonds to provide vertical infrastructure
15 23 funding, and making appropriations.

15 24 Under current law in Code sections 8.57, 99D.17, and
15 25 99F.11, gambling revenues from pari-mutuel wagering and
15 26 gambling excursion boats and racetracks are credited to
15 27 various purposes and to the rebuild Iowa infrastructure fund
15 28 (RIIF). In addition, under 2004 Iowa Acts, chapter 1136 (HF
15 29 2302), rebuild Iowa infrastructure assessments are to be
15 30 deposited in the rebuild Iowa infrastructure fund in fiscal
15 31 years 2004=2005 and 2005=2006. Under current law,
15 32 appropriations from RIIF are made in various Code sections and
15 33 in session law. The bill provides a priority order for the
15 34 crediting of the revenues to various funds and purposes, some
15 35 in place of certain appropriations to various funds from RIIF.
16 1 Code sections 99D.14, 99D.15, and 99D.17 are amended to
16 2 provide that certain regulatory and licensee fee payments
16 3 received by the racing and gaming commission shall be credited
16 4 to the general fund of the state and other than the revenues
16 5 credited to the gambling treatment fund, remaining revenues
16 6 received by the commission shall be credited as provided by
16 7 the bill in section 8.57.

16 8 A standing appropriation of \$50 million is made from the
16 9 vertical infrastructure fund to the successor fund to the grow
16 10 Iowa values fund, if established, for funding of

16 11 infrastructure projects associated with awards made from the
16 12 successor fund.

16 13 Existing law in Code sections 99F.4A and 99F.10 providing
16 14 for gambling revenues to be deposited in RIIF is amended to
16 15 include these revenues with the other gambling revenues that
16 16 are to be credited to various funds as provided in the bill.

16 17 The bill includes new Code sections 12.91 through 12.95,
16 18 providing for the issuance of bonds to create revenue for the
16 19 vertical infrastructure fund.

16 20 The bill allows the treasurer of state to issue bonds of
16 21 the state for the purpose of providing a portion of the
16 22 funding for the vertical infrastructure fund. The bill
16 23 provides that the treasurer of state may issue bonds in
16 24 principal amounts which do not exceed, in the aggregate and
16 25 excluding refunding bonds, \$200 million to provide funds for
16 26 the vertical infrastructure fund, to provide for any
16 27 capitalized interest on the bonds determined by the treasurer
16 28 of state to be appropriate, to provide for the establishment
16 29 of reserves to secure the bonds, and to provide for the
16 30 payment of the costs of issuance of the bonds, other
16 31 expenditures of the treasurer of state incident to and
16 32 necessary or convenient to carry out the bond issue for the
16 33 fund, and all other expenditures necessary or convenient to
16 34 administer the fund. The bill provides that the bonds are
16 35 investment securities and negotiable instruments within the
17 1 meaning of and for purposes of the uniform commercial code.

17 2 The bill provides that the bonds are payable solely and
17 3 only out of the moneys, assets, or revenues of the vertical
17 4 infrastructure fund and any bond reserve funds. The bill
17 5 provides that the treasurer of state shall not pledge the
17 6 credit or taxing power of this state or any political
17 7 subdivision of this state or make the bonds issued payable out
17 8 of any moneys except those in the vertical infrastructure
17 9 fund.

17 10 The bill provides for the holding of proceeds of bonds
17 11 issued by the treasurer of state and not required for
17 12 immediate disbursement. The bill provides for the form the
17 13 bonds shall take. The bill provides for persons authorized to
17 14 invest in the bonds, the manner in which the bonds shall be
17 15 authorized, and that the authorization does not need to be
17 16 recorded to be valid and binding. The bill provides that the
17 17 bonds are declared to be issued for a general public and
17 18 governmental purpose and all bonds issued shall be exempt from
17 19 taxation by the state of Iowa and the interest on the bonds
17 20 shall be exempt from the state income tax and the state
17 21 inheritance and estate tax. The bill allows, subject to the
17 22 terms of any bond documents, moneys in the vertical
17 23 infrastructure fund to be expended for administration
17 24 expenses.

17 25 The bill allows the treasurer of state to issue bonds for
17 26 the purpose of refunding any bonds issued provided that all
17 27 refunding bonds are issued and secured and subject to the
17 28 provisions and in the same manner and to the same extent as
17 29 other bonds issued.

17 30 The bill allows the treasurer of state to establish such
17 31 accounts within the vertical infrastructure fund as may be
17 32 appropriate, including debt service accounts for the purpose
17 33 of paying the principal of, redemption premium, if any, and
17 34 interest on bonds payable therefrom. The bill provides that
17 35 moneys in the debt service accounts shall not be subject to
18 1 appropriation for any other purpose by the general assembly.
18 2 The bill allows the treasurer of state to create and establish
18 3 one or more special funds, to be known as "bond reserve
18 4 funds", to secure one or more issues of bonds issued.

18 5 The bill provides that bonds issued are not debts of the
18 6 state, or of any political subdivision of the state, and do
18 7 not constitute a pledge of the faith and credit of the state
18 8 or a charge against the general credit or general fund of the
18 9 state. The bill provides for the liberal construction of the
18 10 bonding provisions.

18 11 The bill provides that the rebuild Iowa infrastructure
18 12 assessment for 2006, enacted in 2004 Iowa Acts, chapter 1136,
18 13 section 64, is to be credited as provided by the bill in lieu
18 14 of depositing the assessment revenues in the rebuild Iowa
18 15 infrastructure fund.

18 16 The bill provides that the amendments made by the bill to
18 17 Code sections 8.57, 99D.17, and 99F.11 do not affect the
18 18 requirement enacted in 2001 Iowa Acts, chapter 174, providing
18 19 for \$70 million of the gambling proceeds under Code sections
18 20 99D.17 and 99F.11 to be deposited in the endowment for Iowa's
18 21 health account of the tobacco settlement trust fund for fiscal

18 22 years 2005=2006 and 2006=2007.
18 23 LSB 2541XC 81
18 24 jp:nh/cf/24