

Senate Study Bill 3018

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
APPROPRIATIONS BILL BY
CO=CHAIRPERSONS ANGELO
and DVORSKY)

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

A BILL FOR

1 An Act relating to the Honey creek premier destination park bond
2 program.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
4 TLSB 5764XC 81
5 av/je/5

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1 1 Section 1. Section 463C.2, Code Supplement 2005, is
1 2 amended by adding the following new subsections:
1 3 NEW SUBSECTION. 5A. "Gross revenues" means all income and
1 4 receipts derived from the operation of the Honey creek premier
1 5 destination park.
1 6 NEW SUBSECTION. 5B. "Net revenues" means gross revenues
1 7 less operating expenses.
1 8 NEW SUBSECTION. 5C. "Operating expenses" means salaries,
1 9 wages, costs of maintenance and operation, and costs of
1 10 materials, supplies, insurance, and purchases made at
1 11 wholesale, in connection with the operation of the Honey creek
1 12 premier destination park, and all other items normally
1 13 included as operating expenses under requirements of law or
1 14 recognized accounting practices. "Operating expenses" does
1 15 not include depreciation, costs of capital improvements or
1 16 extensions, bond principal payments, or bond interest
1 17 payments.

1 18 Sec. 2. Section 463C.11, subsection 1, Code Supplement
1 19 2005, is amended to read as follows:

1 20 1. The Honey creek premier destination park bond fund is
1 21 established as a separate and distinct fund in the state
1 22 treasury consisting of Honey creek premier destination park
1 23 revenues, any moneys appropriated by the general assembly to
1 24 the fund, and any other moneys available to and obtained or
1 25 accepted by the authority for placement in the fund. The
1 26 moneys in the fund shall be used to develop the Honey creek
1 27 premier destination park in the state by funding the
1 28 development and construction of facilities in the park
1 29 including but not limited to lodges, campgrounds, cabins, and
1 30 golf courses. The treasurer of state is authorized to
1 31 establish separate and distinct accounts within the Honey
1 32 creek premier destination park bond fund in connection with
1 33 the issuance of the authority's bonds in accordance with the
1 34 trust indenture or resolution authorizing the bonds and the
1 35 authority is authorized to determine which revenues and
2 1 accounts shall be pledged as security for the bonds. Amounts
2 2 deposited in the Honey creek premier destination park bond
2 3 fund shall be deposited in the separate and distinct accounts
2 4 as set forth in the trust indenture or resolution authorizing
2 5 the bonds. The authority is authorized to pledge and use the
2 6 ~~gross net~~ revenues from the Honey creek premier destination
2 7 park ~~to and for~~ payment of the bonds. ~~Revenues may also be~~
~~2 8 used for the payment of insurance, other credit enhancements,~~
~~2 9 and other financing arrangements. Operating expenses of the~~
~~2 10 Honey creek premier destination park may be paid from the~~
~~2 11 revenues to the extent the revenues exceed the amount~~
~~2 12 determined by the authority to be necessary for debt service~~
~~2 13 on the bonds.~~

2 14 Sec. 3. Section 463C.12, subsections 1 and 8, Code
2 15 Supplement 2005, are amended to read as follows:

2 16 1. The authority may issue taxable or tax-exempt bonds, or
2 17 a combination thereof, for the purpose of funding the Honey
2 18 creek premier destination park bond fund established in
2 19 section 463C.11 and for the purpose of refunding any bonds
2 20 issued under this section. The authority may issue bonds in
2 21 principal amounts which, in the opinion of the board, are
2 22 necessary to provide sufficient funds for the Honey creek
2 23 premier destination park bond fund established in section
2 24 463C.11, the payment of interest on the bonds, the
2 25 establishment of reserves to secure the bonds, the costs of
2 26 issuance of the bonds, other expenditures of the authority
2 27 incident to and necessary or convenient to carry out the bond
2 28 issue for the fund, and all other expenditures of the board
2 29 necessary or convenient to administer the fund; provided,
2 30 however, excluding the issuance of refunding bonds, the board
2 31 shall issue bonds issued pursuant to this section shall not be
2 32 issued in an aggregate principal amount which exceeds result
2 33 in the deposit of net bond proceeds of not more than twenty=
2 34 eight million dollars credited to the Honey creek premier
2 35 destination park bond fund.

3 1 8. ~~All~~ Tax-exempt bonds issued by the authority in
3 2 connection with the program, which are exempt from taxation
3 3 for federal tax purposes, are also exempt from taxation by the
3 4 state of Iowa and the interest on ~~the~~ these bonds is exempt
3 5 from state income taxes and state inheritance and estate
3 6 taxes.

3 7 Sec. 4. Section 463C.13, subsection 3, Code Supplement
3 8 2005, is amended to read as follows:

3 9 3. The authority shall not at any time issue bonds,
3 10 secured in whole or in part by a bond reserve fund, if, upon
3 11 the issuance of the bonds, the amount in the bond reserve fund
3 12 will be less than the bond reserve fund requirement for the
3 13 bond reserve fund, unless the authority at the time of
3 14 issuance of the bonds deposits in the bond reserve fund from
3 15 the proceeds of the bonds issued or from other sources an
3 16 amount which, together with the amount then in the bond
3 17 reserve fund, will not be less than the bond reserve fund
3 18 requirement for the bond reserve fund. For the purposes of
3 19 this section, the term "bond reserve fund requirement" means,
3 20 as of any particular date of computation, an amount of money,
3 21 as provided in the trust indenture, resolution, or other
3 22 instrument of the authority authorizing the bonds with respect
3 23 to which the bond reserve fund is established, equal to not
3 24 more than the lesser of any of the following:

- 3 25 a. ~~ten~~ Ten percent of the outstanding principal amount of
3 26 bonds secured in whole or in part by the bond reserve fund.
3 27 b. The maximum annual debt service on the issue of bonds.
3 28 c. One hundred twenty=five percent of the average annual
3 29 debt service on the issue of bonds.

3 30 EXPLANATION

3 31 This bill relates to the issuance of bonds by the Honey
3 32 creek premier destination park authority.

3 33 The bill defines "gross revenues" to mean all income and
3 34 receipts derived from the operation of the Honey creek premier
3 35 destination park. The bill defines "net revenues" to mean
4 1 "gross revenues" less "operating expenses". The bill defines
4 2 "operating expenses" to mean salaries, wages, costs of
4 3 maintenance and operation, and costs of materials, supplies,
4 4 insurance, and purchases made at wholesale, in connection with
4 5 the operation of the Honey creek destination park and all
4 6 other items normally included as operating expenses under
4 7 requirements of law or recognized accounting practices. The
4 8 bill provides that "operating expenses" does not include
4 9 depreciation, costs of capital improvements or extensions,
4 10 bond principal payments, or bond interest payments.

4 11 The bill authorizes the Honey creek premier destination
4 12 park authority to use net, not gross, revenues from the park
4 13 for payment of the bonds issued.

4 14 The bill authorizes the authority to issue bonds which
4 15 result in the deposit of net bond proceeds of not more than
4 16 \$28 million credited to the Honey creek premier destination
4 17 park bond fund. Currently, the bond authority is authorized
4 18 to issue bonds that do not exceed an aggregate principal of
4 19 \$28 million.

4 20 The bill provides that the authority may issue taxable or
4 21 tax-exempt bonds, or a combination thereof. The bill provides
4 22 that tax-exempt bonds issued by the authority, which are
4 23 exempt from taxation for federal tax purposes, are also exempt
4 24 from taxation by the state of Iowa and interest on these bonds
4 25 is exempt from state income taxes and state inheritance and
4 26 estate taxes.

4 27 The bill provides that the authority shall not issue bonds
4 28 secured by the bond reserve fund unless the bond reserve fund
4 29 equals an amount of money of not more than the lesser of 10
4 30 percent of the outstanding principal amount of bonds secured
4 31 in whole or in part by the bond reserve fund; or the maximum
4 32 annual debt service on the issue of bonds; or 125 percent of
4 33 the average annual debt service on the issue of bonds.
4 34 Currently, the bond reserve fund must equal not more than 10
4 35 percent of the outstanding principal amount of bonds secured
5 1 in whole or in part by the bond reserve fund.
5 2 LSB 5764XC 81
5 3 av:nh/je/5