

Senate Study Bill 3026

SENATE/HOUSE FILE _____
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 allowable investments by the treasurer of
2 state and other authorized state agencies.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
4 TLSB 5386XD 82
5 md/rj/8

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1 1 Section 1. Section 12B.10, subsection 4, paragraph a, Code
1 2 2007, is amended by adding the following new subparagraph:
1 3 NEW SUBPARAGRAPH. (9) Obligations of the Iowa finance
1 4 authority issued pursuant to chapter 16, bearing interest at
1 5 market rates, provided that at the time of purchase the Iowa
1 6 finance authority has an issuer credit rating within the two
1 7 highest classifications or the obligations to be purchased are
1 8 rated within the two highest classifications, as established
1 9 by at least one of the standard rating services approved by
1 10 the superintendent of banking by rule adopted pursuant to
1 11 chapter 17A.
1 12 Sec. 2. Section 12C.9, subsection 1, Code 2007, is amended
1 13 to read as follows:
1 14 1. The treasurer of state and all other state agencies
1 15 authorized to invest funds and the treasurer or other
1 16 designated financial officer of each political subdivision
1 17 including each school corporation shall invest the proceeds of
1 18 notes, bonds, refunding bonds, and other evidences of
1 19 indebtedness, and funds being accumulated for the payment of
1 20 principal and interest or reserves in investments set out in
1 21 section 12B.10, subsection 4, paragraph "a", subparagraphs (1)
1 22 through ~~(7)~~ (9), section 12B.10, subsection 5, paragraph "a",
1 23 subparagraphs (1) through (7), an investment contract, or
1 24 tax-exempt bonds. The investment shall be as defined and
1 25 permitted by section 148 of the Internal Revenue Code and
1 26 applicable regulations under that section. An investment
1 27 contract or tax-exempt bonds shall be rated within the two
1 28 highest classifications as established by at least one of the
1 29 standard rating services approved by the superintendent of
1 30 banking by rule adopted pursuant to chapter 17A.

EXPLANATION

1 31 Code section 12B.10, subsection 4, paragraph "a", restricts
1 32 the types of investments that the treasurer of state and other
1 33 authorized state agencies may invest in or purchase. This
1 34 bill adds obligations of the Iowa finance authority issued
2 1 pursuant to Code chapter 16, bearing interest at market rates,
2 2 to the list of allowable investments. The bill also provides
2 3 that obligations of the Iowa finance authority may only be
2 4 purchased if at the time of purchase the Iowa finance
2 5 authority has an issuer credit rating within the two highest
2 6 classifications or the obligations to be purchased are rated
2 7 within the two highest classifications as established by the
2 8 superintendent of banking.
2 9 The bill also updates an internal reference to Code section
2 10 12B.10.
2 11 LSB 5386XD 82
2 12 md/rj/8