

Senate File 376 - Introduced

SENATE FILE _____
BY COMMITTEE ON APPROPRIATIONS
(SUCCESSOR TO SSB 1274)

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

A BILL FOR

1 An Act relating to the issuance of bonds including the issuance
2 of annual appropriation bonds, creating an annual
3 appropriation bonds debt service fund and an appropriation
4 bonds capitals fund, making and revising appropriations, and
5 including effective date provisions.
6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
7 TLSB 2658SV 83
8 rh/rj/5

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1 1 DIVISION I
1 2 APPROPRIATIONS BONDING
1 3 Section 1. NEW SECTION. 12.87 ANNUAL APPROPRIATION
1 4 BONDS.
1 5 1. As used in this section, unless the context otherwise
1 6 requires:
1 7 a. "Annual appropriation bonds" means bonds, notes, or
1 8 other evidences of obligations of the state which may be
1 9 payable during a fiscal year from one or more of the following
1 10 sources, subject to the limitations contained in this section:
1 11 (1) Moneys appropriated by law for the payment of debt
1 12 service due with respect to the annual appropriation bonds
1 13 during that fiscal year.
1 14 (2) Proceeds of the sale of the annual appropriation
1 15 bonds.
1 16 (3) Payments received under authorizing documents and
1 17 other agreements and ancillary arrangements entered into with
1 18 respect to the annual appropriation bonds.
1 19 (4) Investment earnings on amounts described in
1 20 subparagraphs (1) through (3).
1 21 b. "Appropriation" means an act of appropriation by the
1 22 general assembly which has become law by approval of the
1 23 governor or otherwise.
1 24 c. "Authorizing documents" means a trust indenture,
1 25 resolution, or other instrument pursuant to which annual
1 26 appropriation bonds are issued in accordance with the
1 27 provisions of this section and setting forth the terms and
1 28 conditions thereof.
1 29 2. The treasurer of state is authorized to issue and sell
1 30 annual appropriation bonds on behalf of the state to provide
1 31 funds for certain capital projects and other purposes as
1 32 provided in subsection 4 and to refund any annual
1 33 appropriation bonds previously issued, and shall have all
1 34 powers necessary and convenient to carry out the treasurer of
1 35 state's duties, and exercise the treasurer of state's
2 1 authority, under this section.
2 2 3. Annual appropriation bonds may be issued and sold in
2 3 one or more series on the terms and conditions the treasurer
2 4 of state determines to be in the best interest of the state,
2 5 in accordance with this section in such amounts as the
2 6 treasurer of state determines to be necessary to fund the
2 7 purposes for which such annual appropriation bonds are issued.
2 8 The treasurer of state may issue annual appropriation bonds in
2 9 amounts which provide aggregate net proceeds of not more than
2 10 one hundred seventy-five million dollars, excluding any annual
2 11 appropriation bonds issued to refund outstanding annual
2 12 appropriation bonds issued under this section.
2 13 4. The treasurer of state may issue annual appropriation

2 14 bonds as the treasurer of state determines necessary or
2 15 desirable to pay for expenditures for capital projects which
2 16 qualify as vertical infrastructure projects as defined in
2 17 section 8.57, subsection 6, paragraph "c", to the extent
2 18 practicable in any fiscal year and without limiting other
2 19 qualifying capital expenditures considered and approved by a
2 20 constitutional majority of each house of the general assembly
2 21 and the governor and to provide sufficient funds for the
2 22 payment of interest on the annual appropriation bonds, the
2 23 establishment of reserves with respect to the annual
2 24 appropriation bonds, the payment of costs of issuance of the
2 25 annual appropriation bonds, the payment of other expenditures
2 26 of the treasurer of state incident to and necessary or
2 27 convenient in connection with the issuance of the annual
2 28 appropriation bonds, and the payment of all other expenditures
2 29 necessary or convenient to carry out the purposes for which
2 30 the annual appropriation bonds are issued. The treasurer of
2 31 state may enter into or obtain authorizing documents and other
2 32 agreements and ancillary arrangements with respect to annual
2 33 appropriation bonds as the treasurer of state determines to be
2 34 in the best interests of the state, including but not limited
2 35 to trust indentures, liquidity facilities, remarketing or
3 1 dealer agreements, letter of credit agreements, insurance
3 2 policies, guaranty agreements, reimbursement agreements,
3 3 indexing agreements, or interest exchange agreements. Any
3 4 authorizing document or other agreement or ancillary
3 5 arrangements by which any moneys are pledged to the payment of
3 6 annual appropriation bonds shall not be required to be
3 7 recorded or filed under the uniform commercial code, chapter
3 8 554, to be valid, binding, or effective.

3 9 5. Annual appropriation bonds shall be:

3 10 a. In a form, issued in denominations, executed in a
3 11 manner, and payable over terms and with rights of redemption,
3 12 and be subject to such other terms and conditions as
3 13 prescribed in their authorizing documents.

3 14 b. Negotiable instruments under the laws of the state and
3 15 may be sold at prices, at public or private sale, and in a
3 16 manner, as prescribed by the treasurer of state. Chapters
3 17 73A, 74, 74A, and 75 do not apply to the sale or issuance of
3 18 the annual appropriation bonds.

3 19 c. Subject to the terms, conditions, and covenants
3 20 providing for the payment of the principal, redemption
3 21 premiums, if any, interest, and other terms, conditions,
3 22 covenants, and protective provisions safeguarding payment, not
3 23 inconsistent with this section and as determined by their
3 24 authorizing documents.

3 25 d. Securities in which public officers and bodies of this
3 26 state; political subdivisions of this state; insurance
3 27 companies and associations and other persons carrying on an
3 28 insurance business; banks, trust companies, savings
3 29 associations, savings and loan associations, and investment
3 30 companies; administrators, guardians, executors, trustees, and
3 31 other fiduciaries; and other persons authorized to invest in
3 32 bonds or other obligations of the state, may properly and
3 33 legally invest funds, including capital, in their control or
3 34 belonging to them.

3 35 6. Proceeds of annual appropriation bonds not required for
4 1 immediate disbursement may be deposited with the treasurer of
4 2 state or a trustee, paying agent, escrow agent, or depository
4 3 as provided in the authorizing documents and may be invested
4 4 or reinvested in any investment as directed by the treasurer
4 5 of state and specified in such authorizing documents without
4 6 regard to any limitation otherwise provided by law.

4 7 7. Annual appropriation bonds are payable in any fiscal
4 8 year solely and only out of the moneys, assets, or revenues
4 9 appropriated for such purposes by law for that fiscal year,
4 10 all of which amounts, once appropriated, shall be deposited
4 11 into the annual appropriation bonds debt service fund and used
4 12 or transferred as provided in this section to pay debt service
4 13 due with respect to annual appropriation bonds during the
4 14 fiscal year for which such amounts are appropriated. Annual
4 15 appropriation bonds are not an obligation, indebtedness, or
4 16 debt of the state, or a charge against the general credit or
4 17 general fund of the state, and the state shall not be liable
4 18 for the payment of any amounts due under any annual
4 19 appropriation bonds except from moneys appropriated by law for
4 20 the payment thereof as provided under this section. The
4 21 annual appropriation bonds are not secured by any pledge of
4 22 the faith and credit or the taxing powers of the state.
4 23 Annual appropriation bonds shall not directly or indirectly
4 24 obligate the state to make payments thereon beyond any fiscal

4 25 year for which sufficient funds have been appropriated by law
4 26 for such purpose.

4 27 8. In the event that funds are not appropriated for any
4 28 fiscal year in an amount sufficient to make the payments of
4 29 principal and interest and any other amounts due under the
4 30 annual appropriation bonds during such fiscal year all of the
4 31 following shall apply:

4 32 a. The state's obligations under the annual appropriation
4 33 bonds shall terminate and become null and void on the last day
4 34 of the fiscal year for which funds were appropriated in an
4 35 amount sufficient to make the payments of principal and
5 1 interest and any other amounts due under the annual
5 2 appropriation bonds for such fiscal year.

5 3 b. The state shall not be obligated to make payment from
5 4 any source of any amounts due under the annual appropriation
5 5 bonds beyond those amounts for which an appropriation has
5 6 previously been made.

5 7 c. The state shall not be liable to the holders of the
5 8 annual appropriation bonds or any other person for any
5 9 remaining amounts due under the annual appropriation bonds or
5 10 for any costs, damages, or expenses incurred by the holders of
5 11 the annual appropriation bonds or any other person as a result
5 12 of such failure to appropriate. Annual appropriation bonds,
5 13 the repayment thereof and any reserve and debt service funds
5 14 established with respect thereto shall be subject to
5 15 nonappropriation. Annual appropriation bonds issued under
5 16 this section shall contain a conspicuous statement of the
5 17 limitations established in this subsection.

5 18 9. Annual appropriation bonds issued under this section
5 19 are declared to be issued for an essential public and
5 20 governmental purpose and all annual appropriation bonds issued
5 21 under this section shall be exempt from taxation by the state
5 22 of Iowa and the interest on the annual appropriation bonds
5 23 shall be exempt from the state income tax and the state
5 24 inheritance tax.

5 25 10. In order to better provide for the budgeting and
5 26 appropriation of sufficient amounts to make the payments due
5 27 with respect to annual appropriation bonds in any fiscal year
5 28 and to fund or restore reserve funds established with respect
5 29 to annual appropriation bonds, if any, the treasurer of state
5 30 shall, on or before January 1 of each calendar year, make and
5 31 deliver to the governor and to both houses of the general
5 32 assembly the treasurer of state's certificate that includes
5 33 all of the following:

5 34 a. A statement of the amount required to make the payments
5 35 due with respect to annual appropriation bonds in the next
6 1 succeeding fiscal year and the amount, if any, required to
6 2 fund or restore any reserve fund to the reserve fund
6 3 requirement for that reserve fund.

6 4 b. A request that budget and appropriation bills approved
6 5 for such fiscal year include amounts sufficient to make the
6 6 payments due with respect to annual appropriation bonds during
6 7 that fiscal year and to fund or restore any reserve fund to
6 8 the reserve fund requirement for that reserve fund.

6 9 11. Any amounts appropriated by law from the general fund
6 10 of the state or any other legally available funds to make the
6 11 payments due with respect to annual appropriation bonds for a
6 12 fiscal year shall be paid to the treasurer of state on or
6 13 after the first business day of such fiscal year in as many
6 14 installments as are needed to accumulate the total amount so
6 15 appropriated as soon as funds become legally available and
6 16 such amounts, as received, shall be deposited by the treasurer
6 17 of state in the annual appropriation bonds debt service fund.

6 18 12. Any amounts appropriated by law to fund or restore any
6 19 reserve fund shall be paid to the treasurer of state as soon
6 20 as funds become legally available and shall be deposited by
6 21 the treasurer of state in the applicable reserve fund. For
6 22 any fiscal year for which amounts have been lawfully
6 23 appropriated in an amount sufficient to make payment of
6 24 principal and interest and any other amounts due with respect
6 25 to annual appropriation bonds for such fiscal year, to the
6 26 extent that appropriated funds have not become fully available
6 27 so that amounts deposited into the annual appropriation bonds
6 28 debt service fund are not sufficient to make such payment when
6 29 due, any moneys on deposit in a reserve fund established with
6 30 respect to the annual appropriation bonds may be transferred
6 31 to the annual appropriation bonds debt service fund and used
6 32 to make such payments, subject to the provisions of this
6 33 section.

6 34 13. The treasurer of state may from time to time issue
6 35 annual appropriation bonds for the purpose of refunding any

7 1 annual appropriation bonds then outstanding, including the
7 2 payment of any redemption premiums thereon and any interest
7 3 accrued or to accrue to the date of redemption of the
7 4 outstanding annual appropriation bonds. Until the proceeds of
7 5 annual appropriation bonds issued for the purpose of refunding
7 6 outstanding annual appropriation bonds are applied to the
7 7 purchase or retirement of outstanding annual appropriation
7 8 bonds or the redemption of outstanding annual appropriation
7 9 bonds, the proceeds may be placed in escrow and be invested
7 10 and reinvested in accordance with the provisions of this
7 11 section, the authorizing documents, and any applicable escrow.
7 12 The interest, income, and profits earned or realized on an
7 13 investment may also be applied to the payment of the
7 14 outstanding annual appropriation bonds to be refunded by
7 15 purchase, retirement, or redemption. After the terms of the
7 16 escrow have been fully satisfied and carried out, any balance
7 17 of proceeds and interest earned or realized on the investments
7 18 shall be returned to the general fund of the state. All
7 19 refunding annual appropriation bonds shall be issued and
7 20 subject to the provisions of this section in the same manner
7 21 and to the same extent as other annual appropriation bonds
7 22 issued pursuant to this section.

7 23 14. a. It is the intent of the general assembly that the
7 24 general assembly make timely appropriations from moneys in the
7 25 general fund of the state or any other legally available funds
7 26 that are sufficient to make payment of principal and interest
7 27 and any other amounts due with respect to annual appropriation
7 28 bonds in any fiscal year.

7 29 b. This section does not create and shall not be construed
7 30 as creating a general, legal, or enforceable obligation of the
7 31 general assembly to appropriate any moneys for any fiscal year
7 32 for any of the foregoing purposes and the decision to
7 33 appropriate such moneys for any fiscal year shall be at the
7 34 complete discretion of the then current general assembly and
7 35 governor who shall have the final responsibility for making
8 1 such decisions.

8 2 15. Neither the treasurer of state nor any person acting
8 3 on behalf of the treasurer of state, while acting within the
8 4 scope of their employment or agency, is subject to personal
8 5 liability resulting from carrying out the powers and duties
8 6 conferred by this section.

8 7 16. Amounts appropriated pursuant to this section are not
8 8 subject to a uniform reduction in accordance with section
8 9 8.31.

8 10 Sec. 2. NEW SECTION. 12.88 ANNUAL APPROPRIATION BONDS
8 11 DEBT SERVICE FUND AND RESERVE FUNDS.

8 12 1. An annual appropriation bonds debt service fund is
8 13 created and established as a separate and distinct fund in the
8 14 state treasury. Any amounts lawfully appropriated to make
8 15 payments due with respect to annual appropriation bonds for a
8 16 fiscal year shall be deposited into the annual appropriation
8 17 bonds debt service fund and used by the treasurer of state or
8 18 transferred to a trustee, paying agent, escrow agent, or
8 19 depository as provided in the authorizing documents to make
8 20 payments due with respect to the annual appropriation bonds
8 21 for that fiscal year.

8 22 2. The treasurer of state may create and establish one or
8 23 more reserve funds with respect to the annual appropriation
8 24 bonds to be used as provided in section 12.87 and the
8 25 authorizing documents. The treasurer of state shall pay into
8 26 any reserve fund any moneys appropriated by law to fund or
8 27 restore the reserve fund, any proceeds of the sale of the
8 28 annual appropriation bonds to the extent provided in the
8 29 authorizing documents, and any other moneys which may be
8 30 legally available to the treasurer of state for the purpose of
8 31 the reserve fund. Moneys in any reserve fund established with
8 32 respect to annual appropriation bonds, excluding the annual
8 33 appropriations debt service fund, are not subject to section
8 34 8.33.

8 35 3. Notwithstanding section 12C.7, subsection 2, interest
9 1 or earnings on moneys in any funds or accounts established
9 2 with respect to annual appropriation bonds shall be credited
9 3 to the applicable fund or reserve fund.

9 4 Sec. 3. NEW SECTION. 12.89 APPROPRIATION BONDS CAPITALS
9 5 FUND.

9 6 1. An appropriation bonds capitals fund is created as a
9 7 separate fund in the state treasury. Moneys in the fund shall
9 8 not be subject to appropriation for any other purpose by the
9 9 general assembly, but shall be used only for the purposes of
9 10 the appropriation bonds capitals fund.

9 11 2. Revenue for the fund shall consist of the net proceeds

9 12 from the bonds issued pursuant to section 12.87.

9 13 3. Moneys in the fund in a fiscal year shall be used as
9 14 appropriated by the general assembly for capital projects that
9 15 qualify as vertical infrastructure projects as defined in
9 16 section 8.57, subsection 6, paragraph "c", to the extent
9 17 practicable in any fiscal year and without limiting other
9 18 qualifying capital expenditures considered and approved by a
9 19 constitutional majority of each house of the general assembly
9 20 and the governor.

9 21 4. Moneys credited to the fund are not subject to section
9 22 8.33. Notwithstanding section 12C.7, subsection 2, interest
9 23 or earnings on moneys in the fund shall be credited to the
9 24 fund.

9 25 5. Annually, on or before January 15 of each year, a state
9 26 agency that received an appropriation from the appropriation
9 27 bonds capitals fund shall report to the legislative services
9 28 agency and the department of management the status of all
9 29 projects completed or in progress. The report shall include a
9 30 description of the project, the work completed, the total
9 31 estimated cost of the project, a list of all revenue sources
9 32 being used to fund the project, the amount of funds expended,
9 33 the amount of funds obligated, and the date the project was
9 34 completed or an estimated completion date of the project,
9 35 where applicable.

10 1 Sec. 4. EFFECTIVE DATE. This division of this Act, being
10 2 deemed of immediate importance, takes effect upon enactment.

10 3 DIVISION II
10 4 REGENTS BONDING

10 5 Sec. 5. Section 263A.2, Code 2009, is amended to read as
10 6 follows:

10 7 263A.2 AUTHORIZATION OF GENERAL ASSEMBLY AND GOVERNOR.

10 8 Subject to and in accordance with the provisions of this
10 9 chapter, the state board of regents ~~after authorization by a~~
~~10 10 constitutional majority of the general assembly and approval~~
~~10 11 by the governor~~ may undertake and carry out any project as
10 12 defined in this chapter at the state university of Iowa. The
10 13 state board of regents is authorized to operate, control,
10 14 maintain, and manage buildings and facilities and additions to
10 15 such buildings and facilities at said institution. All
10 16 contracts for the construction, reconstruction, completion,
10 17 equipment, improvement, repair, or remodeling of any
10 18 buildings, additions, or facilities shall be let in accordance
10 19 with the provisions of section 262.34. The title to all real
10 20 estate acquired under the provisions of this chapter and the
10 21 improvements erected thereon shall be taken and held in the
10 22 name of the state of Iowa.

10 23 Sec. 6. Section 263A.3, unnumbered paragraph 1, Code 2009,
10 24 is amended to read as follows:

10 25 The board is authorized to borrow money and to issue and
10 26 sell negotiable bonds or notes to pay all or any part of the
10 27 cost of carrying out any project at the institution and to
10 28 refund and refinance bonds or notes issued for any project or
10 29 for refunding purposes at the same rate or at a lower rate.
10 30 ~~Such bonds or notes shall be sold by the board at public sale~~
~~10 31 on the basis of sealed proposals received pursuant to a notice~~
~~10 32 specifying the time and place of sale and the amount of bonds~~
~~10 33 to be sold which shall be published at least once not less~~
~~10 34 than seven days prior to the date of sale in a newspaper~~
~~10 35 published in the state of Iowa and having a general~~
~~11 1 circulation in the state. The provisions of chapter 75 shall~~
~~11 2 not apply to bonds or notes issued under authority contained~~
~~11 3 in this chapter, but such bonds or notes shall be sold upon~~
~~11 4 terms of not less than par plus accrued interest. The bonds~~
~~11 5 or notes issued under this chapter may be sold at public sale~~
~~11 6 as provided in chapter 75, but if the board finds it advisable~~
~~11 7 and in the public interest to do so, such bonds or notes may~~
~~11 8 be sold by the board at private sale without published notice~~
~~11 9 of any kind and without regard to the requirements of chapter~~
~~11 10 75.~~ Bonds or notes issued to refund other bonds or notes
11 11 issued under the provisions of this chapter may either be sold
11 12 in the manner specified in this chapter and the proceeds
11 13 thereof applied to the payment of the obligations being
11 14 refunded, or the refunding bonds or notes may be exchanged for
11 15 and in payment and discharge of the obligations being
11 16 refunded. The refunding bonds or notes may be sold or
11 17 exchanged in installments at different times or an entire
11 18 issue or series may be sold or exchanged at one time. Any
11 19 issue or series of refunding bonds or notes may be exchanged
11 20 in part or sold in parts in installments at different times or
11 21 at one time. The refunding bonds or notes may be sold or
11 22 exchanged at any time on, before, or after the maturity of any

11 23 of the outstanding notes, bonds, or other obligations to be
11 24 refinanced thereby and may be issued for the purpose of
11 25 refunding a like or greater principal amount of bonds or
11 26 notes, except that the principal amount of the refunding bonds
11 27 or notes may exceed the principal amount of the bonds or notes
11 28 to be refunded to the extent necessary to pay any premium due
11 29 on the call of the bonds or notes to be refunded or to fund
11 30 interest in arrears or about to become due.

11 31 Sec. 7. Section 263A.4, Code 2009, is amended to read as
11 32 follows:

11 33 263A.4 BONDS OR NOTES PROVISIONS.

11 34 Such bonds or notes may bear such date or dates, may bear
11 35 interest at such rate or rates, payable semiannually, may
12 1 mature at such time or times, may be in such form and
12 2 denominations, carry such registration privileges, may be
12 3 payable at such place or places, may be subject to such terms
12 4 of redemption prior to maturity with or without premium, if so
12 5 stated on the face thereof, and may contain such terms and
12 6 covenants, including the establishment of reserves, all as may
12 7 be provided by this chapter, section 76.17, and the resolution
12 8 of the board authorizing the issuance of the bonds or notes.
12 9 In addition to the estimated cost of construction, including
12 10 site costs, the cost of the project may include interest upon
12 11 the bonds or notes during construction and for six months
12 12 after the estimated completion date, the compensation of a
12 13 fiscal agent or adviser, engineering, architectural,
12 14 administrative, and legal expenses and provision for
12 15 contingencies. Such bonds or notes shall be executed by the
12 16 president of the state board of regents and attested by the
12 17 executive director, secretary, or other official thereof
12 18 performing the duties of executive director, and the coupons
12 19 thereto attached shall be executed with the original or
12 20 facsimile signatures of said president, executive director,
12 21 secretary, or other official; provided, however, that the
12 22 facsimile signature of either of such officers executing such
12 23 bonds may be imprinted on the face of the bonds in lieu of the
12 24 manual signature of such officer, but at least one of the
12 25 signatures appearing on the face of each bond shall be a
12 26 manual signature. Any bonds or notes bearing the signatures
12 27 of officers in office on the date of the signing thereof shall
12 28 be valid and binding for all purposes, notwithstanding that
12 29 before delivery thereof any or all such persons whose
12 30 signatures appear thereon shall have ceased to be such
12 31 officers. Each such bond or note shall state upon its face
12 32 the name of the institution on behalf of which it is issued,
12 33 that it is payable solely and only from hospital income
12 34 received by such institution as provided in this chapter, and
12 35 that it does not constitute a debt of or charge against the
13 1 state of Iowa within the meaning or application of any
13 2 constitutional or statutory limitation or provision. The
13 3 issuance of such bonds or notes shall be recorded in the
13 4 office of the treasurer of the institution, and a certificate
13 5 by such treasurer to this effect shall be printed on the back
13 6 of each such bond or note.

13 7 Sec. 8. 2004 Iowa Acts, chapter 1175, section 277, is
13 8 amended by adding the following new subsection:

13 9 NEW SUBSECTION. 5. DEFINITION. For purposes of
13 10 subsection 3, paragraph "b", "project" means the same as
13 11 defined in section 262A.2, subsection 6, and includes the
13 12 construction of replacement facilities and flood recovery and
13 13 flood mitigation expenses resulting from a disaster in an area
13 14 included in a proclamation of disaster emergency in accordance
13 15 with section 29C.6.

13 16 Sec. 9. 2007 Iowa Acts, chapter 205, section 1, is amended
13 17 by adding the following new subsection:

13 18 NEW SUBSECTION. 4. DEFINITION. For purposes of
13 19 subsection 2, paragraph "a", "project" means the same as
13 20 defined in section 262A.2, subsection 6, and includes the
13 21 construction of replacement facilities and flood recovery and
13 22 flood mitigation expenses resulting from a disaster in an area
13 23 included in a proclamation of disaster emergency in accordance
13 24 with section 29C.6.

13 25 Sec. 10. EFFECTIVE DATE. This division of this Act, being
13 26 deemed of immediate importance, takes effect upon enactment.

13 27 DIVISION III

13 28 CHANGES TO PRIOR APPROPRIATIONS

13 29 Sec. 11. 2008 Iowa Acts, chapter 1179, section 18,
13 30 unnumbered paragraph 1, is amended to read as follows:

13 31 There is appropriated from the ~~FY 2009 tax-exempt bond~~
~~13 32 proceeds restricted capital funds account of the tobacco~~
~~13 33 settlement trust fund appropriation bonds capitals fund~~

13 34 pursuant to section ~~12E.12, subsection 1, paragraph "b",~~
13 35 ~~subparagraph (1A) 12.89, as if enacted in this Act by the~~
14 1 ~~Eighty-third General Assembly, 2009 Session,~~ to the following
14 2 departments and agencies for the fiscal year beginning July 1,
14 3 2008, and ending June 30, 2009, the following amounts, or so
14 4 much thereof as is necessary, to be used for the purposes
14 5 designated:
14 6 Sec. 12. 2008 Iowa Acts, chapter 1179, section 18,
14 7 subsection 1, paragraphs b through k, are amended to read as
14 8 follows:
14 9 b. For renovations to the capitol complex utility tunnel
14 10 system:
14 11 \$ 4,763,078
14 12 1,000,000
14 13 c. For costs associated with capitol interior and exterior
14 14 restoration:
14 15 \$ 6,900,000
14 16 d. For upgrades to the electrical distribution system
14 17 serving the capitol complex:
14 18 \$ 4,470,000
14 19 850,000
14 20 e. For heating, ventilating, and air conditioning
14 21 improvements in the Hoover state office building:
14 22 \$ 1,500,000
14 23 f. For costs associated with the central energy plant
14 24 addition and improvements:
14 25 \$ 623,000
14 26 g. For building security and firewall protection in the
14 27 Hoover state office building:
14 28 \$ 165,000
14 29 h. For projects related to major repairs and major
14 30 maintenance for state buildings and facilities under the
14 31 purview of the department:
14 32 \$ 15,000,000
14 33 Of the amount appropriated in this lettered paragraph, up
14 34 to \$1,000,000 may be used for demolition purposes.
14 35 i. For the purchase of Mercy capitol hospital:
15 1 \$ 3,400,000
15 2 3,950,000
15 3 It is the intent of the general assembly that the
15 4 department will use other appropriations made or other funds
15 5 available to the department for the acquisition of buildings
15 6 to complete the purchase of this building.
15 7 j. For capital improvements at the civil commitment unit
15 8 for a sexual offenders facility at Cherokee:
15 9 \$ 829,000
15 10 k. For costs associated with the restoration and
15 11 renovation, including major repairs and major maintenance, at
15 12 the governor's mansion at Terrace Hill:
15 13 \$ 769,543
15 14 Sec. 13. 2008 Iowa Acts, chapter 1179, section 18,
15 15 subsections 2 through 9, are amended to read as follows:
15 16 2. DEPARTMENT FOR THE BLIND
15 17 For costs associated with the renovation of dormitory
15 18 buildings:
15 19 \$ 869,748
15 20 3. DEPARTMENT OF CORRECTIONS
15 21 a. For expansion of the community-based corrections
15 22 facility at Sioux City:
15 23 \$ 5,300,000
15 24 b. For expansion of the community-based corrections
15 25 facility at Ottumwa:
15 26 \$ 4,100,000
15 27 c. For expansion of the community-based corrections
15 28 facility at Waterloo:
15 29 \$ 6,000,000
15 30 d. For expansion of the community-based corrections
15 31 facility at Davenport:
15 32 \$ 2,100,000
15 33 e. For expansion, including land acquisition, of the
15 34 community-based corrections facility at Des Moines:
15 35 \$ 18,100,000
16 1 It is the intent of the general assembly that the funds
16 2 appropriated in paragraphs "a" through "~~e~~" "e" be used to
16 3 expand the number of beds available through new construction
16 4 and remodeling and not for replacement of existing facilities.
16 5 ~~d.~~ f. For expansion of the Iowa correctional facility for
16 6 women at Mitchellville:
16 7 \$ 47,500,000
16 8 ~~e.~~ g. For the remodeling of kitchens at the correctional
16 9 facilities at Mount Pleasant and Rockwell City:

16 10 \$ 12,500,000

16 11 4. DEPARTMENT OF EDUCATION

16 12 For major renovation and major repair needs, including

16 13 health, life, and fire safety needs, and for compliance with

16 14 the federal Americans With Disabilities Act, for state

16 15 buildings and facilities under the purview of the community

16 16 colleges:

16 17 \$ 2,000,000

16 18 The moneys appropriated in this subsection shall be

16 19 allocated to the community colleges based upon the

16 20 distribution formula established in section 260C.18C.

16 21 5. DEPARTMENT OF NATURAL RESOURCES

16 22 a. For infrastructure improvements for a state river

16 23 recreation area located in a county with a population between

16 24 21,900 and 22,100:

16 25 \$ 750,000

16 26 b. For the construction and installation of an angled

16 27 well, pumps, and piping to connect the existing infrastructure

16 28 from the new well to a lake located in a county with a

16 29 population between 87,500 and 88,000:

16 30 \$ 500,000

16 31 Moneys appropriated in this lettered paragraph are

16 32 contingent upon receipt of matching funds from a state taxing

16 33 authority surrounding such lake.

16 34 ~~c. For the construction of the cabins, activity building,~~

~~16 35 picnic shelters, and other costs associated with the opening~~

~~17 1 of the Honey creek premier destination park:~~

17 2 \$ 4,900,000

17 3 ~~The department shall not obligate any funding under this~~

~~17 4 appropriation without approval from the department of~~

~~17 5 management. The department shall provide quarterly updates to~~

~~17 6 the Honey creek premier destination park authority and the~~

~~17 7 legislative services agency on the obligation and spending of~~

~~17 8 this appropriation.~~

~~17 9 In light of this appropriation, the department shall not~~

~~17 10 request additional appropriations for funding the construction~~

~~17 11 of future additional amenities at the Honey creek destination~~

~~17 12 park beyond the fiscal year ending June 30, 2009. In the~~

~~17 13 event that the chairperson of the authority delivers a~~

~~17 14 certificate to the governor, pursuant to section 463C.13,~~

~~17 15 stating the amounts necessary to restore bond reserve funds,~~

~~17 16 it is the general assembly's intent upon consideration of the~~

~~17 17 governor's request to first seek refunding from the~~

~~17 18 department's budget.~~

17 19 ~~d. c.~~ For implementation of lake projects that have

17 20 established watershed improvement initiatives and community

17 21 support in accordance with the department's annual lake

17 22 restoration plan and report, notwithstanding section 8.57,

17 23 subsection 6, paragraph "c":

17 24 \$ 8,600,000

17 25 (1) It is the intent of the general assembly that the

17 26 department of natural resources shall implement the lake

17 27 restoration annual report and plan submitted to the joint

17 28 appropriations subcommittee on transportation, infrastructure,

17 29 and capitals and the legislative services agency ~~on December~~

~~17 30 26, 2006,~~ pursuant to section 456A.33B. The lake restoration

17 31 projects that are recommended by the department to receive

17 32 funding for fiscal year 2007=2008 and that satisfy the

17 33 criteria in section 456A.33B, including local commitment of

17 34 funding for the projects, shall be funded in the amounts

17 35 provided in the report.

18 1 Of the amounts appropriated in this lettered paragraph, at

18 2 least the following amounts shall be allocated as follows:

18 3 (a) For clear lake in Cerro Gordo county:

18 4 \$ 3,000,000

18 5 (b) For storm lake in Buena Vista county:

18 6 \$ 1,000,000

18 7 (c) For carter lake in Pottawattamie county:

18 8 \$ 200,000

18 9 (2) Of the moneys appropriated in this lettered paragraph,

18 10 \$200,000 shall be used for the purposes of supporting a low

18 11 head dam public hazard improvement program. The moneys shall

18 12 be used to provide grants to local communities, including

18 13 counties and cities, for projects approved by the department.

18 14 (a) The department shall award grants to dam owners

18 15 including counties, cities, state agencies, cooperatives, and

18 16 individuals, to support projects approved by the department.

18 17 (b) The department shall require each dam owner applying

18 18 for a project grant to submit a project plan for the

18 19 expenditure of the moneys, and file a report with the

18 20 department regarding the project, as required by the

18 21 department.

18 22 (c) The funds can be used for signs, posts, and related

18 23 cabling, and the department shall only award money on a

18 24 matching basis, pursuant to the dam owner contributing at

18 25 least 20 cents for every 80 cents awarded by the department,

18 26 in order to finance the project. For the remainder of the

18 27 funds, including any balance of money not awarded for signs,

18 28 posts, and related cabling, the department shall only award

18 29 moneys to a dam owner on a matching basis. A dam owner shall

18 30 contribute one dollar for each dollar awarded by the

18 31 department in order to finance a project.

18 32 6. STATE BOARD OF REGENTS

18 33 For infrastructure, deferred maintenance, and equipment

18 34 related to Iowa public radio:

18 35 \$ 2,000,000

19 1 7. IOWA STATE FAIR

19 2 For infrastructure improvements to the Iowa state

19 3 fairgrounds including but not limited to the construction of

19 4 an agricultural exhibition center on the Iowa state

19 5 fairgrounds:

19 6 \$ 5,000,000

19 7 8,000,000

19 8 8. DEPARTMENT OF TRANSPORTATION

19 9 a. For deposit into the public transit infrastructure

19 10 grant fund created in section 324A.6A:

19 11 \$ 2,200,000

19 12 b. For infrastructure improvements at the commercial

19 13 service airports within the state:

19 14 \$ 1,500,000

19 15 Fifty percent of the funds appropriated in this lettered

19 16 paragraph shall be allocated equally between each commercial

19 17 air service airport, forty percent of the funds shall be

19 18 allocated based on the percentage that the number of enplaned

19 19 passengers at each commercial air service airport bears to the

19 20 total number of enplaned passengers in the state during the

19 21 previous fiscal year, and ten percent of the funds shall be

19 22 allocated based on the percentage that the air cargo tonnage

19 23 at each commercial air service airport bears to the total air

19 24 cargo tonnage in the state during the previous fiscal year.

19 25 In order for a commercial air service airport to receive

19 26 funding under this lettered paragraph, the airport shall be

19 27 required to submit applications for funding of specific

19 28 projects to the department for approval by the state

19 29 transportation commission.

19 30 9. DEPARTMENT OF VETERANS AFFAIRS

19 31 ~~a-~~ For matching funds for the construction of resident

19 32 living areas at the Iowa veterans home and related

19 33 improvements associated with the Iowa veterans home

19 34 comprehensive plan:

19 35 \$ 20,555,329

20 1 ~~b. To build a memorial plaza that honors veterans from the~~

20 2 ~~Dubuque area-~~

20 3 ~~\$ 100,000~~

20 4 Sec. 14. 2008 Iowa Acts, chapter 1179, sections 19 and 20,

20 5 are amended to read as follows:

20 6 SEC. 19. TAX=EXEMPT STATUS == USE OF APPROPRIATIONS.

20 7 Payment of moneys from the appropriations in this division of

20 8 this Act shall be made in a manner that does not adversely

20 9 affect the tax-exempt status of any outstanding bonds issued

20 10 by the ~~tobacco settlement authority~~ treasurer of state.

20 11 SEC. 20. REVERSION. Notwithstanding section 8.33, moneys

20 12 appropriated in this division of this Act for the fiscal year

20 13 beginning July 1, 2008, and ending June 30, 2009, shall not

20 14 revert at the close of the fiscal year for which they are

20 15 appropriated but shall remain available for the purposes

20 16 designated until the close of the fiscal year that begins July

20 17 1, ~~2011~~ 2012, or until the project for which the appropriation

20 18 was made is completed, whichever is earlier.

20 19 Sec. 15. EFFECTIVE DATE. This division of this Act, being

20 20 deemed of immediate importance, takes effect upon enactment.

20 21 EXPLANATION

20 22 This bill relates to the issuance of bonds including the

20 23 issuance of annual appropriation bonds, creates an annual

20 24 appropriation bonds debt service fund and an annual

20 25 appropriation bonds capitals fund, makes and revises

20 26 appropriations, and provides effective dates.

20 27 ANNUAL APPROPRIATIONS BONDING. This division authorizes

20 28 the treasurer of state to issue and sell annual appropriation

20 29 bonds on behalf of the state to provide funds for certain

20 30 capital projects which qualify as vertical infrastructure

20 31 projects as defined in Code section 8.57, subsection 6,

20 32 paragraph "c", to the extent practicable in any fiscal year
20 33 and without limiting other qualifying capital expenditures as
20 34 approved by the general assembly and the governor. The
20 35 treasurer may issue annual appropriation bonds in amounts
21 1 which provide aggregate net proceeds of not more than \$175
21 2 million, excluding any annual appropriation bonds issued to
21 3 refund outstanding annual appropriation bonds issued under
21 4 this division.

21 5 The division provides that annual appropriation bonds may
21 6 be payable in any fiscal year solely and only out of the
21 7 moneys, assets, or revenues appropriated for such purposes by
21 8 law for that fiscal year, all of which amounts, once
21 9 appropriated, shall be deposited into the annual appropriation
21 10 bonds debt service fund created in the division and used or
21 11 transferred to pay debt service due with respect to annual
21 12 appropriation bonds during the fiscal year for which such
21 13 amounts are appropriated. Annual appropriation bonds are not
21 14 an obligation, indebtedness, or debt of the state, or a charge
21 15 against the general credit or general fund of the state, and
21 16 the state shall not be liable for the payment of any amounts
21 17 due under any annual appropriation bonds except from moneys
21 18 appropriated by law for the payment thereof as provided under
21 19 this division. The annual appropriation bonds are not secured
21 20 by any pledge of the faith and credit or the taxing powers of
21 21 the state. Annual appropriation bonds shall not directly or
21 22 indirectly obligate the state to make payments thereon beyond
21 23 any fiscal year for which sufficient funds have been
21 24 appropriated by law for such purpose.

21 25 The division provides that in the event that funds are not
21 26 appropriated for any fiscal year in an amount sufficient to
21 27 make the payments of principal and interest and any other
21 28 amounts due under the annual appropriation bonds during such
21 29 fiscal year, the state's obligations under the annual
21 30 appropriation bonds shall terminate and become null and void
21 31 on the last day of the fiscal year for which funds were
21 32 appropriated in an amount sufficient to make the payments of
21 33 principal and interest and any other amounts due under the
21 34 annual appropriation bonds for such fiscal year, the state
21 35 shall not be obligated to make payment from any source of any
22 1 amounts due under the annual appropriation bonds beyond those
22 2 amounts for which an appropriation has previously been made,
22 3 and the state shall not be liable to the holders of the annual
22 4 appropriation bonds or any other person for any remaining
22 5 amounts due under the annual appropriation bonds or for any
22 6 costs, damages, or expenses incurred by the holders of the
22 7 annual appropriation bonds or any other person as a result of
22 8 such failure to appropriate. Annual appropriation bonds shall
22 9 be subject to nonappropriation.

22 10 The division requires the treasurer of state to make and
22 11 present the treasurer's certificate to the general assembly
22 12 and the governor that includes a statement of the amount
22 13 required to make the payments due with respect to annual
22 14 appropriation bonds in the next succeeding fiscal year and the
22 15 amount, if any, required to fund or restore any reserve fund
22 16 to the reserve fund requirement for that fund, and a request
22 17 that budget and appropriation bills approved for such fiscal
22 18 year include amounts sufficient to make the payments due with
22 19 respect to annual appropriation bonds during that fiscal year
22 20 and to fund or restore any reserve fund to the reserve fund
22 21 requirement for that reserve fund.

22 22 The division specifies that it is the intent of the general
22 23 assembly that the general assembly make timely appropriations
22 24 from moneys in the general fund of the state or any other
22 25 legally available funds that are sufficient to make payment of
22 26 principal and interest and any other amounts due with respect
22 27 to annual appropriation bonds in any fiscal year; provided,
22 28 however, that this does not create and shall not be construed
22 29 as creating a general, legal, or enforceable obligation of the
22 30 general assembly to appropriate any moneys for any fiscal year
22 31 for any of the stated purposes and the decision to appropriate
22 32 such moneys for any fiscal year shall be at the complete
22 33 discretion of the then current general assembly and governor
22 34 who shall have the final responsibility for making such
22 35 decisions. Neither the treasurer of state nor any person
23 1 acting on behalf of the treasurer of state, while acting
23 2 within the scope of their employment or agency, is subject to
23 3 personal liability resulting from carrying out the powers and
23 4 duties conferred by this division. Amounts appropriated are
23 5 not subject to a uniform reduction in accordance with Code
23 6 section 8.31.

23 7 The division creates an annual appropriation bonds debt

23 8 service fund as a separate and distinct fund in the state
23 9 treasury. Any amounts lawfully appropriated to make payments
23 10 due with respect to annual appropriation bonds for a fiscal
23 11 year shall be deposited into the annual appropriation bonds
23 12 debt service fund and used by the treasurer of state or
23 13 transferred to a trustee, paying agent, escrow agent, or
23 14 depository as provided in the authorizing documents to be used
23 15 to make payments due with respect to the annual appropriation
23 16 bonds for that fiscal year.

23 17 The division creates an appropriation bonds capitals fund
23 18 as a separate fund in the state treasury to be used only for
23 19 the purposes of the appropriation bonds capitals fund.
23 20 Revenue for the fund shall consist of the net proceeds from
23 21 the bonds issued. Moneys in the fund in a fiscal year shall
23 22 be used as appropriated by the general assembly for capital
23 23 projects that qualify as vertical infrastructure projects as
23 24 defined in Code section 8.57, subsection 6, paragraph "c", to
23 25 the extent practicable in any fiscal year and without limiting
23 26 other qualifying capital expenditures considered and approved
23 27 by the general assembly and the governor. Annually, on or
23 28 before January 15 of each year, a state agency that received
23 29 an appropriation from the appropriation bonds capitals fund
23 30 shall report to the legislative services agency and the
23 31 department of management the status of all projects completed
23 32 or in progress.

23 33 The division takes effect upon enactment.

23 34 REGENTS BONDING. This division modifies prior legislation
23 35 authorizing the state board of regents to borrow moneys and
24 1 issue revenue bonds to finance the costs of certain building
24 2 and facility improvement programs. The division establishes
24 3 that for purposes of legislation enacted in 2004 and 2007, the
24 4 definition of "projects" is the same as provided in Code
24 5 section 262A.2 and includes the construction of replacement
24 6 facilities and flood recovery and flood mitigation expenses
24 7 resulting from a disaster in an area included in a
24 8 proclamation of disaster emergency issued by the governor.
24 9 The division takes effect upon enactment. The division also
24 10 eliminates the requirement that the state board of regents
24 11 receive approval by the general assembly and governor for
24 12 projects undertaken at the university of Iowa hospitals and
24 13 clinics.

24 14 CHANGES TO PRIOR APPROPRIATIONS. This division replaces
24 15 the appropriations made for project funding for FY 2008=2009
24 16 from the FY 2009 tax=exempt restricted capitals fund account
24 17 established in Code section 12E.12 with appropriations from
24 18 the appropriation bonds capitals fund created in Code section
24 19 12.89 of the division for the departments of administrative
24 20 services, corrections, education, natural resources,
24 21 transportation, and veterans affairs, the department for the
24 22 blind, Iowa state fair, and the state board of regents, and,
24 23 except for certain appropriations made to the departments of
24 24 administrative services, corrections, natural resources, and
24 25 veterans affairs, appropriates moneys for the same fiscal year
24 26 for the same departments and the same projects.

24 27 The division takes effect upon enactment.

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