Senate Study Bill 1321

SENATE FILE ______
BY (PROPOSED COMMITTEE ON APPROPRIATIONS BILL BY CHAIRPERSON DVORSKY)

Passed Senate, Date ____________	Passed House, Date ____________
Vote: Ayes ______ Nays _______	Vote: Ayes ______ Nays ________

Approved ____________________________

A BILL FOR

An Act relating to bonding authority for the Iowa comprehensive petroleum underground storage tank fund and providing an effective date.
BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
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Section 1. Section 455G.2, subsection 1, Code 2009, is amended by striking the subsection.

Sec. 2. Section 455G.2, subsection 3, Code 2009, is amended to read as follows:

3. "Bond" means a bond, note, or other obligation issued by the ~~authority~~ treasurer of state for the fund and the purposes of this chapter.

Sec. 3. Section 455G.3, subsection 2, Code 2009, is amended to read as follows:

2. The board shall assist Iowa's owners and operators of petroleum underground storage tanks in complying with federal environmental protection agency technical and financial responsibility regulations by establishment of the Iowa comprehensive petroleum underground storage tank fund. The ~~authority~~ treasurer of state may issue its bonds, or series of bonds, to assist the board, as provided in this chapter.

Sec. 4. Section 455G.6, subsections 7 through 9, Code 2009, are amended to read as follows:

7. The board may contract with the ~~authority~~ treasurer of state for the ~~authority~~ treasurer of state to issue bonds and do all things necessary with respect to the purposes of the fund, as set out in the contract between the board and the ~~authority~~ treasurer of state. The board may delegate to the ~~authority~~ treasurer of state and the ~~authority~~ treasurer of state shall then have all of the powers of the board which are necessary to issue and secure bonds and carry out the purposes of the fund, to the extent provided in the contract between the board and the ~~authority~~ treasurer of state. The ~~authority~~ treasurer of state may issue the ~~authority's~~ treasurer of state's bonds in principal amounts which, in the opinion of the board, are necessary to provide sufficient funds for the fund, the payment of interest on the bonds, the establishment of reserves to secure the bonds, the costs of issuance of the bonds, other expenditures of the ~~authority~~ treasurer of state incident to and necessary or convenient to carry out the bond issue for the fund, and all other expenditures of the board necessary or convenient to administer the fund. The bonds are investment securities and negotiable instruments within the meaning of and for purposes of the uniform commercial code, chapter 554.

8. Bonds issued under this section are payable solely and only out of the moneys, assets, or revenues of the fund, all of which may be deposited with trustees or depositories in accordance with bond or security documents and pledged by the board to the payment thereof, and are not an indebtedness of this state ~~or the authority~~, or a charge against the general credit or general fund of the state ~~or the authority~~, and the state shall not be liable for any financial undertakings with respect to the fund. Bonds issued under this chapter shall contain on their face a statement that the bonds do not constitute an indebtedness of the state ~~or the authority~~.

9. The proceeds of bonds issued by the ~~authority~~ treasurer

of state and not required for immediate disbursement may be deposited with a trustee or depository as provided in the bond documents and invested in any investment approved by the ~~authority~~ treasurer of state and specified in the trust indenture, resolution, or other instrument pursuant to which the bonds are issued without regard to any limitation otherwise provided by law.

Sec. 5. Section 455G.6, subsection 10, paragraph b, Code 2009, is amended to read as follows:

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

Sec. 6. Section 455G.6, subsection 12, Code 2009, is amended to read as follows:

12. Bonds must be authorized by a trust indenture, resolution, or other instrument of the ~~authority~~ treasurer of state, approved by the board. However, a trust indenture, resolution, or other instrument authorizing the issuance of bonds may delegate to an officer of the issuer the power to negotiate and fix the details of an issue of bonds.

Sec. 7. Section 455G.7, Code 2009, is amended to read as follows:

455G.7 SECURITY FOR BONDS == CAPITAL RESERVE FUND == IRREVOCABLE CONTRACTS.

1. a. For the purpose of securing one or more issues of bonds for the fund, the ~~authority~~ treasurer of state, with the approval of the board, may authorize the establishment of one or more special funds, called "capital reserve funds". The ~~authority~~ treasurer of state may pay into the capital reserve funds the proceeds of the sale of its bonds and other money which may be made available to the ~~authority~~ treasurer of state from other sources for the purposes of the capital reserve funds. Except as provided in this section, money in a capital reserve fund shall be used only as required for any of the following:

~~a.~~ (1) The payment of the principal of and interest on bonds or of the sinking fund payments with respect to those bonds.

~~b.~~ (2) The purchase or redemption of the bonds.

~~c.~~ (3) The payment of a redemption premium required to be paid when the bonds are redeemed before maturity.

b. However, money in a capital reserve fund shall not be withdrawn if the withdrawal would reduce the amount in the capital reserve fund to less than the capital reserve fund requirement, except for the purpose of making payment, when due, of principal, interest, redemption premiums on the bonds, and making sinking fund payments when other money pledged to the payment of the bonds is not available for the payments. Income or interest earned by, or increment to, a capital reserve fund from the investment of all or part of the capital reserve fund may be transferred by the ~~authority~~ treasurer of state to other accounts of the fund if the transfer does not reduce the amount of the capital reserve fund below the capital reserve fund requirement.

2. If the ~~authority~~ treasurer of state decides to issue bonds secured by a capital reserve fund, the bonds shall not be issued if the amount in the capital reserve fund is less than the capital reserve fund requirement, unless at the time of issuance of the bonds the ~~authority~~ treasurer of state deposits in the capital reserve fund from the proceeds of the bonds to be issued or from other sources, an amount which, together with the amount then in the capital reserve fund, is not less than the capital reserve fund requirement.

3. In computing the amount of a capital reserve fund for the purpose of this section, securities in which all or a portion of the capital reserve fund is invested shall be valued by a reasonable method established by the ~~authority~~ treasurer of state. Valuation shall include the amount of interest earned or accrued as of the date of valuation.

4. In this section, "capital reserve fund requirement" means the amount required to be on deposit in the capital reserve fund as of the date of computation.

5. To assure maintenance of the capital reserve funds, the ~~authority~~ treasurer of state shall, on or before July 1 of each calendar year, make and deliver to the governor the ~~authority's~~ treasurer of state's certificate stating the sum, if any, required to restore each capital reserve fund to the capital reserve fund requirement for that fund. Within thirty days after the beginning of the session of the general

assembly next following the delivery of the certificate, the governor may submit to both houses printed copies of a budget including the sum, if any, required to restore each capital reserve fund to the capital reserve fund requirement for that fund. Any sums appropriated by the general assembly and paid to the ~~authority~~ treasurer of state pursuant to this section shall be deposited in the applicable capital reserve fund.

6. All amounts paid by the state pursuant to this section shall be considered advances by the state and, subject to the rights of the holders of any bonds of the ~~authority~~ treasurer of state that have previously been issued or will be issued, shall be repaid to the state without interest from all available revenues of the fund in excess of amounts required for the payment of bonds of the ~~authority~~ treasurer of state, the capital reserve fund, and operating expenses.

7. If any amount deposited in a capital reserve fund is withdrawn for payment of principal, premium, or interest on the bonds or sinking fund payments with respect to bonds thus reducing the amount of that fund to less than the capital reserve fund requirement, the ~~authority~~ treasurer of state shall immediately notify the governor and the general assembly of this event and shall take steps to restore the capital reserve fund to the capital reserve fund requirement for that fund from any amounts designated as being available for such purpose.

Sec. 8. Section 455G.8, subsection 2, Code 2009, is amended to read as follows:

2. STATUTORY ALLOCATIONS FUND. The moneys credited from the statutory allocations fund under section 321.145, subsection 2, paragraph "a", shall be allocated, consistent with this chapter, among the fund's accounts, for debt service and other fund expenses, according to the fund budget, resolution, trust agreement, or other instrument prepared or entered into by the board or ~~authority~~ treasurer of state under direction of the board.

Sec. 9. Section 16.151, Code 2009, is repealed.

Sec. 10. 1989 Iowa Acts, chapter 131, section 63, is repealed.

Sec. 11. EFFECTIVE DATE. This Act, being deemed of immediate importance, takes effect upon enactment.

EXPLANATION

This bill relates to bonding authority for the Iowa comprehensive petroleum underground storage tank fund.

Currently, the Iowa comprehensive petroleum underground storage tank fund board may contract with the Iowa finance authority for purposes of the authority issuing bonds for the Iowa comprehensive petroleum underground storage tank fund. The bill transfers this authority to issue bonds from the Iowa finance authority to the treasurer of state and makes conforming amendments.

The bill eliminates a July 1, 2009, repeal of Code sections 455G.6 and 455G.7, relating to bonding authority for the Iowa comprehensive petroleum underground storage tank fund.

The bill takes effect upon enactment.

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