

Senate File 2277 - Introduced

SENATE FILE 2277

BY MATHIS

A BILL FOR

1 An Act requesting the establishment of a pay for success bond
2 interim study committee.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. PAY FOR SUCCESS BOND INTERIM STUDY COMMITTEE.

2 1. The legislative council is requested to establish an
3 interim study committee to determine whether opportunities
4 exist for the use of pay for success bonds in Iowa. As used
5 in this section, "pay for success bond" means a financial
6 instrument in which private investors provide working
7 capital to nonprofit organizations to implement preventive
8 programs aimed at achieving predefined social outcomes. If an
9 independent evaluator determines that the predefined outcomes
10 have been achieved, the government repays the investors their
11 principal and a rate of return; otherwise, the investors lose
12 their capital.

13 2. The committee shall be comprised of the following voting
14 members:

15 a. Five members who are members of the senate, three of
16 whom shall be appointed by the majority leader of the senate
17 and two of whom shall be appointed by the minority leader of
18 the senate.

19 b. Five members who are members of the house of
20 representatives, three of whom shall be appointed by the
21 speaker of the house of representatives and two of whom
22 shall be appointed by the minority leader of the house of
23 representatives.

24 3. The committee shall be comprised of the following
25 nonvoting members:

26 a. One representative from the department of human
27 services, one representative from the Iowa finance authority,
28 and one representative from the state treasurer's office who
29 shall be appointed by the governor.

30 b. Two representatives from nongovernmental social service
31 or community organizations who shall be appointed by the
32 majority leader of the senate and the speaker of the house of
33 representatives in consultation with the minority leaders of
34 the senate and the house of representatives.

35 4. The interim committee shall study the advisability

1 and feasibility of using pay for success bonds in Iowa. The
2 committee's study shall include but not be limited to all of
3 the following:

4 a. Reviewing existing social innovation programs in this
5 state and in states with pay for success bond programs.

6 b. Identifying opportunities for the use of pay for success
7 bonds in this state, particularly any opportunities that would
8 be strong candidates for a pilot program.

9 c. Identifying potential challenges and risks of a pay for
10 success bond program.

11 d. Identifying statutory changes that would be necessary
12 for the establishment of a pay for success bond program in this
13 state.

14 e. Developing legislation to provide the necessary
15 statutory framework for a pay for success bond program in this
16 state.

17 5. The interim committee shall present a summary of its
18 review and recommendations in a report to the 2019 session of
19 the general assembly no later than December 15, 2018.

20 EXPLANATION

21 The inclusion of this explanation does not constitute agreement with
22 the explanation's substance by the members of the general assembly.

23 This bill requests the legislative council to establish an
24 interim study committee to determine whether opportunities
25 exist for the use of pay for success bonds in Iowa. The bill
26 defines "pay for success bond" to mean a financial instrument
27 in which private investors provide working capital to nonprofit
28 organizations to implement preventive programs aimed at
29 achieving predefined social outcomes. If an independent
30 evaluator determines that the predefined outcomes have been
31 achieved, the government repays the investors their principal
32 and a rate of return; otherwise, the investors lose their
33 capital.

34 The legislative interim committee is to be comprised
35 of legislative members who shall be voting members of the

1 committee, and representatives from the department of human
2 services, the Iowa finance authority, and the state treasurer's
3 office, and nongovernmental social service or community
4 organizations who shall be nonvoting members of the committee.
5 The committee is directed to study the advisability and
6 feasibility of using pay for success bonds in Iowa which
7 shall include but not be limited to reviewing existing social
8 innovation programs in this state and in states with pay for
9 success bond programs; identifying opportunities for the use
10 of pay for success bonds in this state; identifying potential
11 challenges and risks of a pay for success bond program;
12 identifying necessary statutory changes; and developing
13 legislation.

14 The committee is required to present a summary of its review
15 and recommendations in a report to the 2019 session of the
16 general assembly no later than December 15, 2018.