

**Senate Study Bill 3140 - Introduced**

SENATE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
LOCAL GOVERNMENT BILL BY  
CHAIRPERSON GARRETT)

**A BILL FOR**

1 An Act relating to municipal utility retirement systems.  
2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 97B.1A, subsection 8, paragraph a, Code  
2 2018, is amended by adding the following new subparagraph:

3 NEW SUBPARAGRAPH. (11A) Persons with service under this  
4 chapter who are employed by a municipal utility, other than a  
5 municipal water utility or waterworks, that has established  
6 a pension and annuity retirement system for its employees  
7 pursuant to chapter 412, and who are covered under this chapter  
8 at the time of commencement of employment with the municipal  
9 utility.

10 Sec. 2. Section 97B.1A, Code 2018, is amended by adding the  
11 following new subsection:

12 NEW SUBSECTION. 15A. "*Municipal utility*" means a public  
13 utility as defined in section 412.5.

14 Sec. 3. Section 97B.42C, Code 2018, is amended to read as  
15 follows:

16 **97B.42C Retirement system merger.**

17 A municipal ~~water utility or waterworks~~ that has established  
18 a pension and annuity retirement system for its employees  
19 pursuant to [chapter 412](#), or a school district that has  
20 established a pension and annuity retirement system for its  
21 employees pursuant to [chapter 294](#), may adopt a resolution to  
22 authorize the merger of its pension and annuity retirement  
23 system with and into the Iowa public employees' retirement  
24 system. The system is authorized, but is not required, to  
25 accept such a proposal. The governing body of the municipal  
26 ~~water utility or waterworks~~ or school district and the Iowa  
27 public employees' retirement system shall, acting in their  
28 fiduciary capacities, mutually determine the terms and  
29 conditions of such a merger, including any additional funds  
30 necessary to fund the service credits being transferred to the  
31 Iowa public employees' retirement system, and either party  
32 may decline the merger if they cannot agree on such terms and  
33 conditions. The system shall adopt such rules as it deems  
34 necessary and prudent to effectuate mergers as provided by this  
35 section.



1 mandatory membership in the Iowa public employees' retirement  
2 system (IPERS), is amended. Currently, the definition of  
3 "employee" identifies certain categories of employees who have  
4 the ability to opt out of mandatory membership in IPERS under  
5 certain circumstances. The bill includes in this category  
6 persons with service under IPERS who are also covered under  
7 IPERS at the time they commence employment with a municipal  
8 utility, other than a municipal water utility or waterworks,  
9 that has established its own pension system.

10 Code section 97B.1A is also amended by providing that the  
11 term "municipal utility" means a public utility as defined in  
12 Code section 412.5.

13 Code section 97B.42C, concerning retirement system mergers,  
14 is amended to authorize a merger with IPERS by any municipal  
15 utility with a pension system for its employees under  
16 Code chapter 412 and not just a municipal water utility or  
17 waterworks with a pension system established under Code chapter  
18 412.

19 Code section 412.4, concerning investments authorized by a  
20 pension system established under Code chapter 412, is amended  
21 to eliminate the provision limiting permissible investments  
22 to those investments authorized in Code section 12B.10(5)  
23 and certain other diversified investment funds. The bill  
24 also eliminates a provision prescribing how certain funds  
25 contributed to a bank may be invested.