

House File 2501 - Introduced

HOUSE FILE 2501
BY COMMITTEE ON VETERANS
AFFAIRS

(SUCCESSOR TO HSB 47)

A BILL FOR

1 An Act relating to the investment and use of funds in the
2 veterans trust fund.

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

1 Section 1. Section 12B.10, subsection 6, Code 2022, is
2 amended by adding the following new paragraph:

3 NEW PARAGRAPH. *n.* Investments by the veterans trust fund
4 established in section 35A.13.

5 Sec. 2. Section 12B.10C, subsection 4, Code 2022, is amended
6 by adding the following new paragraph:

7 NEW PARAGRAPH. *k.* The veterans trust fund established in
8 section 35A.13.

9 Sec. 3. Section 35A.13, subsection 3, Code 2022, is amended
10 to read as follows:

11 3. Moneys credited to the trust fund shall not be
12 transferred, used, obligated, appropriated, or otherwise
13 encumbered, except as provided in [this section](#). ~~Moneys in the~~
14 ~~trust fund may be used for cash flow purposes during a fiscal~~
15 ~~year provided that any moneys so allocated are returned to the~~
16 ~~trust fund by the end of that fiscal year.~~ Moneys in the trust
17 fund may also be used for cemetery grant development purposes
18 provided that any moneys so allocated, except for moneys used
19 for department of administrative services expenditures related
20 to the grant, are returned to the trust fund upon receipt of
21 federal funds received for such purposes.

22 Sec. 4. Section 35A.13, Code 2022, is amended by adding the
23 following new subsection:

24 NEW SUBSECTION. 3A. *a.* Notwithstanding subsection 4,
25 moneys in the fund, except so much of the fund as may be
26 necessary to be kept on hand for the making of disbursements
27 under this section, shall be invested by the treasurer of
28 state, in consultation with the commission and the public
29 retirement systems committee established by section 97D.4,
30 in any investments authorized for the Iowa public employees'
31 retirement system in section 97B.7A, including common stock,
32 and subject to the requirements of chapters 12F, 12H, and 12J,
33 and the earnings therefrom shall be credited to the fund. The
34 treasurer of state may execute contracts and agreements with
35 investment advisors, consultants, and investment management and

1 benefit consultant firms in the administration of investments
2 of moneys in the fund.

3 *b.* Investment management expenses shall be charged to the
4 investment income of the fund and there is appropriated to the
5 treasurer of state from the investment income of the fund an
6 amount required for the investment management expenses.

7 *c.* For purposes of this subsection, investment management
8 expenses are limited to the following:

9 (1) Fees for investment advisors, consultants, and
10 investment management and benefit consultant firms hired by
11 the treasurer of state in administering the investments of the
12 fund.

13 (2) Fees and costs for safekeeping fund assets.

14 (3) Costs for performance and compliance monitoring, and
15 accounting for fund investments.

16 (4) Any other costs necessary to prudently invest or protect
17 the assets of the fund.

18 *d.* The commission, the public retirement systems committee
19 established by section 97D.4, and the treasurer of state,
20 and their employees, are not personally liable for claims
21 based upon an act or omission of the person performed in the
22 discharge of the person's duties concerning the veterans trust
23 fund, except for acts or omissions which involve malicious or
24 wanton misconduct.

25 Sec. 5. Section 35A.13, subsection 4, Code 2022, is amended
26 by striking the subsection and inserting in lieu thereof the
27 following:

28 4. *a.* For each fiscal year that the balance of the trust
29 fund on July 1 is below fifty million dollars, the interest
30 and earnings on moneys in the fund and the first five hundred
31 thousand dollars transferred pursuant to section 99G.39 from
32 the lottery fund are appropriated to the commission to be used
33 to achieve the purposes of subsection 6. Moneys appropriated
34 to the commission under this paragraph that remain unencumbered
35 or unobligated at the end of the fiscal year shall revert to

1 the fund.

2 *b.* For each fiscal year that the balance of the trust fund
3 on July 1 is above fifty million dollars but the balance of the
4 fund was below fifty million dollars on July 1 of the previous
5 fiscal year, moneys transferred pursuant to section 99G.39 from
6 the lottery fund are appropriated to the commission to be used
7 to achieve the purposes of subsection 6. Moneys appropriated
8 to the commission under this paragraph that remain unencumbered
9 or unobligated at the end of the fiscal year shall revert to
10 the fund.

11 *c.* For each fiscal year that the balance of the trust fund
12 on July 1 is above fifty million dollars and the balance of
13 the fund was above fifty million dollars on July 1 of the
14 previous fiscal year, moneys equal to the net income the fund
15 received in the previous fiscal year are appropriated to the
16 commission to be used to achieve the purposes of subsection
17 6. Moneys appropriated to the commission under this paragraph
18 that remain unencumbered or unobligated at the end of the
19 fiscal year shall revert to the fund. For the purposes of this
20 paragraph, "*income*" means moneys credited to the veterans trust
21 fund pursuant to subsection 2 and moneys transferred pursuant
22 to section 99G.39.

23 *d.* Notwithstanding paragraphs "*a*", "*b*", and "*c*", moneys
24 credited to the war orphans educational assistance account
25 shall be expended as provided in subsection 7.

26 Sec. 6. Section 97D.4, subsection 3, Code 2022, is amended
27 by adding the following new paragraph:

28 NEW PARAGRAPH. *0g.* Consult with the treasurer of state and
29 the commission of veterans affairs in accordance with section
30 35A.13, subsection 3A.

31

EXPLANATION

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

34 This bill relates to the investment and use of funds in the
35 veterans trust fund.

1 The bill exempts the veterans trust fund (trust fund) from
2 rules adopted by the treasurer of state to limit certain
3 investments of public funds.

4 The bill removes the ability to use moneys from the trust
5 fund for cash flow purposes.

6 The bill allows the treasurer of state, in consultation
7 with the commission of veterans affairs (commission) and the
8 public retirement systems committee, to invest moneys in the
9 trust fund not necessary for disbursements to benefit veterans
10 in any investments authorized for the Iowa public employees'
11 retirement system. Any earnings shall be credited to the
12 trust fund, and the treasurer of state may make contracts
13 and agreements with investment advisors, consultants, and
14 investment management and benefit consultant firms for the
15 administration of investments.

16 The bill provides that certain investment management
17 expenses shall be charged to the investment income of the trust
18 fund.

19 The bill exempts the commission, the public retirement
20 systems committee, the treasurer of state, and their employees
21 from liability based upon an act or omission of the entity or
22 person's duties regarding the investment of the trust fund,
23 except for acts or omissions which involve malicious or wanton
24 misconduct.

25 The bill provides that for each fiscal year that the balance
26 of the trust fund on July 1 is below \$50 million, the interest
27 and earnings on moneys in the fund and the first \$500,000 of
28 the \$2.5 million transferred annually to the trust fund from
29 the lottery fund will be appropriated to the commission for
30 certain enumerated benefits to veterans.

31 The bill provides that for each fiscal year that the balance
32 of the trust fund on July 1 is above \$50 million, but the
33 balance of the fund was below \$50 million on July 1 of the
34 previous fiscal year, the moneys transferred to the trust fund
35 from the lottery fund will be appropriated to the commission

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1 for certain enumerated benefits to veterans.

2 The bill provides that for each fiscal year that the balance
3 of the trust fund on July 1 is above \$50 million, and the
4 balance of the fund was above \$50 million on July 1 of the
5 previous fiscal year, moneys equal to the trust fund's net
6 income for the previous fiscal year will be appropriated to the
7 commission for certain enumerated benefits to veterans.