

**Senate Study Bill 3118 - Introduced**

SENATE/HOUSE FILE \_\_\_\_\_  
BY (PROPOSED IOWA FINANCE  
AUTHORITY BILL)

**A BILL FOR**

1 An Act relating to the duties of the Iowa finance authority.  
2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 16.5E Application or award —  
2 prohibition.

3 1. The authority may prohibit a person from receiving an  
4 award of financial assistance, or from being selected as a  
5 vendor to provide goods or services to the authority in any of  
6 the following circumstances:

7 a. An act or omission by the person seriously affects or  
8 threatens public health, public safety, or the environment.

9 b. The person is charged with or convicted of a crime  
10 involving dishonesty.

11 c. An act or omission by the person indicates a lack of  
12 integrity or honesty.

13 d. The person violates the terms of an agreement or  
14 transaction that detrimentally impacts the integrity of a  
15 program administered by the authority, or other governmental  
16 entity as defined in section 8A.101.

17 e. A compelling cause exists that is relevant to and affects  
18 the person's obligations under the programs administered by the  
19 authority, or is relevant to and affects the provision of goods  
20 and services to the authority by a vendor.

21 2. Upon a determination by the authority, a person shall  
22 be prohibited from receiving an award of financial assistance,  
23 or from being selected as a vendor pursuant to subsection 1.  
24 The authority shall provide written notice to the prohibited  
25 person stating the reason for the prohibition. The authority  
26 may immediately disqualify a prohibited person from receiving  
27 financial assistance, or from being selected as a vendor.

28 3. The authority shall adopt rules as necessary pursuant to  
29 chapter 17A to administer this section.

30 Sec. 2. Section 16.35, subsection 2, Code 2024, is amended  
31 by striking the subsection and inserting in lieu thereof the  
32 following:

33 2. The authority shall adopt a qualified allocation  
34 plan that satisfies the requirements of section 42 of  
35 the Internal Revenue Code. The authority may revise the

1 qualified allocation plan provided the revision satisfies the  
2 requirements of section 42 of the Internal Revenue Code. When  
3 adopting the qualified allocation plan, the authority shall  
4 specify the selection criteria, the application procedure, and  
5 the allocation of low-income housing credits under the state  
6 housing credit ceiling. The selection criteria described  
7 in the qualified allocation plan shall include all of the  
8 following:

9     *a.* The selection criteria described in section 42 of the  
10 Internal Revenue Code.

11     *b.* The statutory preferences described in section 42 of the  
12 Internal Revenue Code.

13     *c.* The economic feasibility of the proposed project.

14     *d.* The ability of the applicant to complete the project in a  
15 timely manner.

16     Sec. 3. Section 16.35, subsection 3, Code 2024, is amended  
17 by striking the subsection.

18     Sec. 4. Section 16.154, subsection 1, Code 2024, is amended  
19 to read as follows:

20     1. An eligible entity may apply to the authority for  
21 financial assistance under the program by submitting a plan  
22 ~~that meets~~ on an application form as required by the authority.  
23 To be approved for an award of financial assistance, the plan  
24 must meet all of the following requirements:

25     *a.* The plan ~~includes~~ proposes one or more projects that  
26 improve water quality in the local area or watershed. Projects  
27 ~~shall~~ may use practices identified in the Iowa nutrient  
28 reduction strategy.

29     *b.* The plan ~~describes in detail~~ describes the manner in  
30 which the projects will be financed and undertaken, including,  
31 as applicable, the sources of revenue directed to financing  
32 the improvements as well as the eligible entities that will be  
33 receiving the revenues and how such revenues will be spent on  
34 the projects.

35

EXPLANATION

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

3       This bill relates to the duties of the Iowa finance authority  
4 (authority).

5       The bill specifies the circumstances in which the authority  
6 may prohibit a person from receiving an award or financial  
7 assistance, or from being selected as a vendor to provide goods  
8 or services to the authority. The circumstances include:  
9 an act or omission by the person that seriously affects or  
10 threatens public health, public safety, or the environment;  
11 the person is charged with or convicted of a crime involving  
12 dishonesty; an act or omission by the person that indicates a  
13 lack of integrity or honesty; the person violates the terms  
14 of an agreement or transaction; or a compelling cause exists  
15 that is relevant to and affects the obligations of the person  
16 or vendor under programs administered by the authority. The  
17 authority is required to provide written notification to the  
18 person of the reason for the prohibition, and may immediately  
19 disqualify such a person from receiving financial assistance  
20 or being selected as a vendor.

21       The authority is the designated housing credit agency  
22 for the allowance of low-income housing credits under  
23 the state housing credit ceiling. The bill requires the  
24 authority to adopt a qualified allocation plan that satisfies  
25 the requirements of section 42 of the Internal Revenue  
26 Code (IRC). The bill allows the authority to revise the  
27 qualified allocation plan provided the revision satisfies the  
28 requirements of section 42 of the IRC. When adopting the  
29 qualified allocation plan under the bill, the authority is  
30 required to specify the selection criteria, the application  
31 procedure, and the allocation of low-income housing credits  
32 under the state housing credit ceiling.

33       Under the bill, the selection criteria shall include all of  
34 the following: the selection criteria described in section 42  
35 of the IRC, the statutory preferences described in section 42

1 of the IRC, the economic feasibility of the proposed project,  
2 and the ability of the applicant to complete the project in a  
3 timely manner.

4 The bill strikes a provision allowing the authority to adopt  
5 rules specifying the application procedure and the allowance  
6 of low-income housing credits under the state housing credit  
7 ceiling.

8 The bill amends Code section 16.154 relating to entities  
9 applying for financial assistance under the water quality  
10 financing program. The bill requires an applicant to submit  
11 the plan project to the authority on a form required by the  
12 authority. The bill strikes the requirement the plan project  
13 use practices identified in the Iowa nutrient reduction  
14 strategy. The bill provides the plan project describe  
15 the manner in which the plan project will be financed and  
16 undertaken, and strikes the requirement the description be  
17 detailed.