

February 5, 1957.
Passed on File.

Senate File 189

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LYNES and HARBOR.

Passed Senate, Date..... Passed House, Date.....
Vote: Ayes..... Nays..... Vote: Ayes..... Nays.....
Approved.....

A BILL FOR

An Act to further industrial development in Iowa by providing for the acquisition of sites and the purchase, construction, reconstruction, improvement, betterment, and extension of industrial buildings by cities and towns for the prescribed use or purposes; to authorize and regulate the issuance of revenue bonds for financing such acquisitions and such industrial buildings as prescribed; to provide for the payment of such bonds and the rights of holders thereof; to define terms; to provide a construction clause; to provide the effect of and certain procedure in the event of a default in the payment of such revenue bonds or otherwise as prescribed; to provide for the leasing of such projects, enterprises, or buildings; and to provide for the payment of certain sums in lieu of taxes to the state of Iowa and to the county, city, town, school district, and any other political subdivisions, authorized to levy taxes, in which such industrial buildings are located as prescribed.

Be It Enacted by the General Assembly of the State of Iowa:

- 1 Section 1. As used in this Act, unless the context otherwise
- 2 requires:
- 3 (a) Municipality shall mean any incorporated city or town in
- 4 the state;
- 5 (b) Project shall mean any land and any building or other
- 6 improvement thereon, and all real and personal properties deemed
- 7 necessary in connection therewith, whether or not now in exist-
- 8 ence, which shall be suitable for the use of any industry for
- 9 the manufacturing, processing, or assembling of any agricultural
- 10 or manufacturing products;
- 11 (c) Governing body shall mean the board or body in which the

12 legislative powers of the municipality are vested; and

13 (d) Mortgage means a mortgage or a mortgage and deed of trust.

1 Sec. 2. In addition to any other powers which it may now have,

2 each municipality shall have the following powers:

3 (a) To acquire, whether by purchase, gift, or lease, one or
4 more projects, which (1) shall be located within this state, (2)
5 may be located within, without, partially within, or partially
6 without the municipality, and (3) shall not be located more than
7 four (4) miles outside of the corporate limits of the municipality;

8 (b) To lease to others any or all of its projects for such
9 rentals and upon such terms and conditions as the governing body
10 may deem advisable and as shall not conflict with the provisions
11 of this Act; and

12 (c) To issue revenue bonds, for the purpose of defraying the
13 cost of acquiring any project, and to secure the payment of such
14 bonds as provided in this Act.

15 No municipality shall have the power to operate any project,
16 referred to in this section, as a business or in any manner except
17 as the lessor thereof.

1 Sec. 3. (a) All bonds issued by a municipality under the
2 authority of this Act shall be limited obligations of the munic-
3 ipality. The principal of and interest on such bonds shall be
4 payable solely out of the revenues derived from the leasing of
5 the project to be financed by the bonds so issued under the pro-
6 visions of this Act. Bonds and interest coupons issued under
7 authority of this Act shall not constitute an indebtedness of
8 the municipality, within the meaning of any state constitutional
9 provision or statutory limitation, and shall neither constitute
10 nor give rise to a pecuniary liability of the municipality or a

11 charge against its general credit or taxing powers. Such limit-
12 ation shall be plainly stated upon the face of each of such bonds.

13 (b) The bonds referred to in subsection (a) of this section,
14 may (1) be executed and delivered at any time and from time to
15 time, (2) be in such form and denominations, (3) be of such tenor,
16 (4) be in registered or bearer form either as to principal or
17 interest or both, (5) be payable in such installments and at such
18 time or times not exceeding thirty (30) years from their date,
19 (6) be payable at such place or places, (7) bear interest at such
20 rate or rates, (8) payable at such place or places, (9) evidenced
21 in such manner, and (10) contain such provisions not inconsistent
22 herewith as shall be provided in the proceedings of the governing
23 body whereunder the bonds shall be authorized to be issued.

24 (c) The bonds, issued under the provisions of this Act, shall
25 be subject to the general provisions of law, presently existing
26 or that may hereafter be enacted, respecting the execution and
27 delivery of the bonds of a municipality and respecting the retain-
28 ing of options of redemption in proceedings authorizing the issu-
29 ance of municipal securities.

30 (d) Any bonds issued under the authority of this Act may be
31 sold at public or private sale in such manner and at such time
32 or times as may be determined by the governing body to be most
33 advantageous. The municipality may pay all expenses, premiums,
34 and commissions which the governing body may deem necessary or
35 advantageous in connection with the authorization, sale, and
36 issuance thereof.

37 (e) All bonds issued under the authority of this Act and all
38 interest coupons applicable thereto shall be construed to be
39 negotiable instruments, despite the fact that they are payable

40 solely from a specified source.

1 Sec. 4. (a) The principal of and interest on any bonds issued
2 under the authority of this Act, (1) shall be secured by a pledge
3 of the revenues out of which such bonds shall be made payable,
4 (2) may be secured by a mortgage covering all or any part of the
5 project from which the revenues so pledged may be derived, and
6 (3) may be secured by a pledge of the lease of such project.

7 (b) The proceedings, under which the bonds are authorized to
8 be issued under the provisions of this Act, and any mortgage
9 given to secure the same may contain any agreements and provi-
10 sions customarily contained in instruments securing bonds, in-
11 cluding, without limiting the generality of the foregoing, (1)
12 provisions respecting the fixing and collection of rents for
13 any project covered by such proceedings or mortgage, (2) the
14 terms to be incorporated in the lease of such project, (3) the
15 maintenance and insurance of such project, (4) the creation
16 and maintenance of special funds from the revenues of such
17 project, and (5) the rights and remedies available in the event
18 of a default to the bondholders or to the trustee under a mort-
19 gage, all as the governing body shall deem advisable and as
20 shall not be in conflict with the provisions of this Act; pro-
21 vided, that in making any such agreements or provisions a munic-
22 ipality shall not have the power to obligate itself except with
23 respect to the project and the application of the revenues there-
24 from, and shall not have the power to incur a pecuniary liability
25 or a charge upon its general credit or against its taxing powers.

26 (c) The proceedings authorizing any bonds under the provisions
27 of this Act and any mortgage securing such bonds may provide that,
28 in the event of a default in the payment of the principal of or

29 the interest on such bonds or in the performance of any agreement
30 contained in such proceedings or mortgage, such payment and per-
31 formance may be enforced by mandamus or by the appointment of a
32 receiver in equity with power to charge and collect rents and to
33 apply the revenues from the project in accordance with such pro-
34 ceedings or the provisions of such mortgage.

35 (d) Any mortgage, made under the provisions of this Act, to
36 secure bonds issued thereunder, may also provide that, in the
37 event of a default in the payment thereof or the violation of
38 any agreement contained in the mortgage, the mortgage may be
39 foreclosed and sold under proceedings in equity or in any other
40 manner now or hereafter permitted by law. Such mortgage may
41 also provide that any trustee under such mortgage or the holder
42 of any of the bonds secured thereby may become the purchaser at
43 any foreclosure sale if the highest bidder therefor. No breach
44 of any such agreement shall impose any pecuniary liability upon
45 a municipality or any charge upon its general credit or against
46 its taxing powers.

1 Sec. 5. (a) Prior to the leasing of any project, the govern-
2 ing body must determine and find the following: The amount neces-
3 sary in each year to pay the principal of and the interest on the
4 bonds proposed to be issued to finance such project; the amount
5 necessary to be paid each year into any reserve funds which the
6 governing body may deem it advisable to establish in connection
7 with the retirement of the proposed bonds and the maintenance
8 of the project; and, unless the terms under which the project is
9 to be leased provide that the lessee shall maintain the project
10 and carry all proper insurance with respect thereto, the esti-
11 mated cost of maintaining the project in good repair and keeping

12 it properly insured.

13 (b) The determination and findings of the governing body, re-
14 quired to be made by subsection (a) of this section, shall be
15 set forth in the proceedings under which the proposed bonds are
16 to be issued. Prior to the issuance of the bonds authorized by
17 this Act, the municipality shall lease the project to a lessee
18 under an agreement conditioned upon completion of the project and
19 providing for payment to the municipality of such rentals as, upon
20 the basis of such determinations and findings, will be sufficient
21 (1) to pay the principal of and interest on the bonds issued to
22 finance the project, (2) to build up and maintain any reserves
23 deemed by the governing body to be advisable in connection there-
24 with, and (3) unless the agreement of lease obligates the lessee
25 to pay for the maintenance and insurance of the project, to pay
26 the costs of maintaining the project in good repair and keeping
27 it properly insured.

1 Sec. 6. Any bonds issued under the provisions of this Act and
2 at any time outstanding may at any time and from time to time be
3 refunded by a municipality by the issuance of its refunding bonds
4 in such amount as the governing body may deem necessary of not
5 exceeding an amount sufficient to refund the principal of the
6 bonds to be so refunded, together with any unpaid interest there-
7 on and any premiums and commissions necessary to be paid in con-
8 nection therewith. Any such refunding may be effected whether
9 the bonds to be refunded shall have then matured or shall there-
10 after mature, either by sale of the refunding bonds and the ap-
11 plication of the proceeds thereof for the payment of the bonds
12 to be refunded thereby, or by exchange of the refunding bonds
13 for the bonds to be refunded thereby; provided, that the holders

14 of any bonds to be so refunded shall not be compelled without
15 their consent to surrender their bonds for payment or exchange
16 prior to the date on which they are payable by maturity date.
17 option to redeem, or otherwise or, if they are called for re-
18 demption, prior to the date on which they are by their terms sub-
19 ject to redemption by option or otherwise. Any refunding bonds
20 issued under the authority of this Act shall be payable solely
21 from the revenues out of which the bonds to be refunded thereby
22 were payable, and shall be subject to the provisions contained
23 in section three (3) of this Act and may be secured in accordance
24 with the provisions of section 4 of this Act

1 Sec. 7. The proceeds from the sale of any bonds issued under
2 authority of this Act shall be applied only for the purpose for
3 which the bonds were issued; provided, that any accrued interest
4 and premium received in any such sale shall be applied to the
5 payment of the principal of or the interest on the bonds sold;
6 and provided further, that if for any reason any portion of such
7 proceeds shall not be needed for the purpose for which the bonds
8 were issued, then such unneeded portion of said proceeds shall
9 be applied to the payment of the principal of or the interest on
10 said bonds. The cost of acquiring any project shall be deemed to
11 include the following: The actual cost of acquiring a site or
12 the cost of the construction of any part of a project which may
13 be constructed including architects' and engineers' fees; the
14 purchase price of any part of a project that may be acquired by
15 purchase; all expenses in connection with the authorization, sale
16 and issuance of the bonds to finance such acquisition; and the
17 interest on such bonds for a reasonable time prior to construc-
18 tion, during construction, and for not exceeding six months after

19 completion of construction.

1 Sec. 8. Neither this Act nor anything herein contained shall
2 be construed as a restriction or limitation upon any powers which
3 a municipality might otherwise have under any laws of this state,
4 but shall be construed as cumulative; and this Act shall not be
5 construed as requiring an election by the voters of a municipality
6 prior to the issuance of bonds hereunder by such municipality.

1 Sec. 9. No notice to or consent or approval by any govern-
2 mental body or public officer shall be required as a prerequisite
3 to the sale or issuance of any bonds or the making of a mortgage
4 under the authority of this Act.

1 Sec. 10. In the event of a default in the payment of any reve-
2 nue bonds issued pursuant to the provisions of this Act, the city
3 or town which defaulted in such payment, shall be precluded from
4 entering into any activity of its own except to release the prop-
5 erty for some other industrial activity.

1 Sec. 11. Any city or town acquiring sites or purchasing, con-
2 structing, reconstructing, improving, bettering, or extending any
3 industrial buildings, as provided by the provisions of this Act,
4 shall annually pay out of the revenue from such sites or indus-
5 trial buildings to the state of Iowa and to the county, city,
6 town, school district, and any other political subdivisions, au-
7 thorized to levy taxes, in which such sites or industrial build-
8 ings are located, in lieu of taxes, a sum equal to the amount
9 which the state, county, city, town, or school district would
10 receive if the property was owned by any private person or cor-
11 poration.

SENATE FILE 189

- 1 Amend Senate File 189, section 3, as follows:
- 2 1. Strike the figure (8) in line 20.
- 3 2. Change (9) to (8) in line 20.
- 4 3. Change (10) to (9) in line 21.

Filed
February 15, 1957.

By MILLER.