

House Report 4/23 (p. 1639)  
" State Trans. 4/25 (p. 1723)  
" Do Pass " (p. 1724)

Reprinted 4/26

FILED APR 23 1980

SENATE FILE 2378

By COMMITTEE ON WAYS AND MEANS  
*Approved 4/25 (p. 1723)*  
(FORMERLY SSB 2309)

Passed Senate, Date 4/25/80 (p. 1723) Passed House, Date 4/26/80 (p. 2200)  
Vote: Ayes 45 Nays 4 Vote: Ayes 92 Nays 5  
Approved 5/20/80

### A BILL FOR

1 An Act creating the Iowa railway finance authority to aid in  
2 the construction, renovation and repair of railway facili-  
3 ties, providing for the authority to issue revenue bonds  
4 and making an appropriation.

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

- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25

S.F. 2378

1 Section 1. NEW SECTION. SHORT TITLE. This Act may be  
2 referred to and cited as the "Iowa Railway Finance Authority  
3 Act".

4 Sec. 2. NEW SECTION. DECLARATION OF NECESSITY AND PURPOSE.  
5 The purpose of this Act is to benefit the citizens of Iowa  
6 by improving their general health, welfare and prosperity  
7 and insuring the economic and commercial development of the  
8 state. Access to adequate railway transportation facilities  
9 is essential to the economic welfare of the state. This Act  
10 is intended to preserve for the citizens of Iowa those railway  
11 facilities now in existence in the state which have a viable  
12 future but which for a variety of economic and legal reasons  
13 may well go out of service if the state does not provide the  
14 financing mechanism contained in this Act. It is the intent  
15 of the Act that ownership and control of railway facilities  
16 be transferred to private ownership as promptly as economically  
17 practicable. It is further intended that the authority created  
18 herein be vested with all powers to enable it to accomplish  
19 its purposes except the power to operate a railroad.

20 Sec. 3. NEW SECTION. LEGISLATIVE FINDINGS. The general  
21 assembly finds and declares as follows:

22 1. The establishment of the authority is in all respects  
23 for the benefit of the people of the state of Iowa, for the  
24 improvement of their health and welfare, and for the promo-  
25 tion of the economy, which are public purposes.

26 2. The authority will be performing an essential govern-  
27 mental function in the exercise of the powers and duties con-  
28 ferred upon it by this chapter.

29 3. There will exist a serious shortage of viable rail  
30 lines and railway facilities serving the rural and agricultural  
31 communities of the state.

32 4. There exists a serious problem in this state regarding  
33 the ability of agricultural producers to transport economically  
34 farm products to traditional markets because of the abandonment  
35 and possible abandonment of railway facilities within the

1 state.

2 5. These conditions are making it more and more difficult  
3 for farmers and farm related businesses to survive in the  
4 present state of the economy thus threatening the very heart  
5 blood of Iowa.

6 6. One major cause of this condition has been recurrent  
7 shortages of funds in private channels and the high interest  
8 cost of borrowing.

9 7. These shortages have contributed to reductions in  
10 construction of new railway facilities, and have made the  
11 sale, purchase and repair of existing railway facilities a  
12 virtual impossibility in many parts of the state.

13 8. Iowa faces the possible consequences of two railroad  
14 bankruptcies and further reductions in service by other  
15 railroads due to deteriorating rail facilities. The loss  
16 of rail service on three thousand ninety miles may be the  
17 immediate consequence of the bankruptcies, with a resultant  
18 sixteen million six hundred thousand dollar per month increase  
19 in transportation costs. This will be accompanied by a  
20 reduction in Iowa farm income of sixty-three million dollars  
21 per year. Any prolonged loss of service on the essential  
22 portions of these rail facilities is estimated to mean the  
23 loss of over five thousand two hundred fifty jobs in Iowa  
24 and a loss to the state economy of over three hundred four  
25 million dollars per year.

26 9. A stable supply of adequate funds for financing of  
27 railway facilities is required to encourage construction of  
28 railway facilities, the rehabilitation of existing facilities  
29 and to prevent the abandonment of others in an orderly and  
30 sustained manner and to reduce the problems described in this  
31 section.

32 10. It is necessary to create a railway finance authority  
33 to encourage the investment of private capital and stimulate  
34 the construction, rehabilitation and repair of railway  
35 facilities and to prevent the abandonment of others through

1 the use of public financing.

2 11. All of the purposes stated in this section are public  
3 purposes and uses for which public moneys may be borrowed,  
4 expended, advanced, loaned or granted.

5 Sec. 4. NEW SECTION. DEFINITIONS. For purposes of this  
6 Act, unless the context otherwise requires:

7 1. "Authority" means the Iowa railway finance authority  
8 created by this Act.

9 2. "Railway facilities" means land, structures, fixtures,  
10 buildings and equipment, except rolling stock, necessary or  
11 useful in providing railroad transportation services, in-  
12 cluding, but not limited to, roadbeds, track, trestle, depot,  
13 switching and signaling equipment and all necessary, useful  
14 and related equipment and appurtenances and all franchises,  
15 easements and other interests in land and rights-of-way  
16 necessary or convenient as a site or sites for any of the  
17 foregoing.

18 3. "Project costs" as applied to railway facilities fi-  
19 nanced under the provisions of this Act means the total of  
20 all reasonable or necessary costs for or incidental to the  
21 acquisition, construction, reconstruction, repair, alteration,  
22 improvement or extension of any railway facilities including,  
23 but not limited to, the cost of studies and surveys, plans,  
24 specifications, architectural and engineering services, legal,  
25 organizational, marketing or other special services, financing,  
26 acquisition, demolition, construction, equipment and site  
27 development of new and rehabilitated buildings and facilities,  
28 rehabilitation, reconstruction, repair or remodeling of  
29 existing buildings and facilities and all other necessary  
30 and incidental expenses including, but not limited to, an  
31 initial bond and interest reserve together with interest on  
32 bonds issued to finance the railway facilities to a date six  
33 months subsequent to the estimated date of completion.

34 4. "Department" means the Iowa department of  
35 transportation.

1 5. "Governing board" or "board" means the governing board  
2 of the authority created by section six (6) of this Act.

3 6. "Bonds" means negotiable bonds, notes or other obliga-  
4 tions, except those obligations to the federal government,  
5 issued under this Act.

6 Sec. 5. NEW SECTION. IOWA RAILWAY FINANCE AUTHORITY.  
7 There is created an Iowa railway finance authority for the  
8 purpose of financing railway facilities as provided in this  
9 Act.

10 Sec. 6. NEW SECTION. GOVERNING BOARD--STAFF.

11 1. The powers of the authority shall be vested in and  
12 exercised by a governing board consisting of five members  
13 appointed by the governor subject to confirmation by the  
14 senate.

15 2. The members of the governing board shall be appointed  
16 by the governor for staggered terms of six years beginning  
17 and ending as provided in Senate File two thousand three  
18 hundred one (2301) as enacted by the Sixty-eighth General  
19 Assembly, 1980 Session, section three (3). A person appointed  
20 to fill a vacancy shall serve only for the unexpired portion  
21 of the term. A member is eligible for reappointment. A  
22 member of the board may be removed from office by the governor  
23 for misfeasance, malfeasance or willful neglect of duty or  
24 other just cause, after notice and hearing, unless the notice  
25 and hearing is expressly waived in writing. A member of the  
26 board shall not also serve concurrently as a member of the  
27 state transportation commission or as an official or employee  
28 of the department.

29 3. Three members of the board constitute a quorum and  
30 the affirmative vote of a majority of the members is necessary  
31 for any recommendation made by the board. The majority shall  
32 not include any member who has a conflict of interest and  
33 a statement by a member of a conflict of interest is conclusive  
34 for this purpose. A vacancy in the membership does not impair  
35 the right of a quorum to perform the functions and duties

1 of the board.

2 4. Members of the board are entitled to receive forty  
3 dollars per diem for each day spent in performance of their  
4 functions and duties as members and reimbursement for all  
5 actual and necessary expenses incurred in the performance  
6 of their functions and duties as members.

7 5. Meetings of the board shall be held at the call of  
8 the chairperson or when two members so request.

9 6. Members shall elect a chairperson and vice chairperson  
10 annually, and other officers as they determine. However,  
11 the director of the department shall be the secretary of the  
12 board.

13 7. The members of the board shall give bond as required  
14 for public officers in chapter sixty-four (64) of the Code.

15 8. The members of the board shall be subject to and be  
16 officials within the meaning of chapter sixty-eight B (68B)  
17 of the Code.

18 9. The director and staff of the department shall serve  
19 as the staff of the authority. The director of the department  
20 shall advise the board on matters relating to railroad  
21 transportation and carry out all directives from the board,  
22 and may employ professional expertise when not available on  
23 the department staff.

24 10. The transportation regulation board shall provide  
25 all legal services for the authority and the board unless  
26 a majority of the board deems outside counsel is required  
27 in a particular instance.

28 Sec. 7. NEW SECTION. POWERS OF THE AUTHORITY. The  
29 authority shall have all powers necessary for the performance  
30 of its purposes and duties, including but not limited to,  
31 the power to:

32 1. Have perpetual succession as a public authority.

33 2. Adopt rules for the regulation of its affairs and to  
34 carry out its duties and responsibilities.

35 3. Sue and be sued in its own name.

- 1       4. Exercise the power of eminent domain.
- 2       5. Acquire railway facilities, whether located within  
3 Iowa or a contiguous state, if deemed essential to provide  
4 a viable system, directly or through an agent, by purchase,  
5 lease, gift, devise or otherwise.
- 6       6. Determine the location and construction of any railway  
7 facility to be financed under the provisions of this Act and  
8 to construct, reconstruct, renovate, replace, maintain, repair  
9 and lease the same, and to enter into contracts for any of  
10 these purposes.
- 11      7. Enter into contracts with any person, federal or state  
12 government or subdivision of a state for the operation, manage-  
13 ment or use of a railway facility.
- 14      8. Designate an agent to determine the location and  
15 construction of a railway facility under the provisions of  
16 this Act and as agent of the authority, to construct, recon-  
17 struct, renovate, replace, maintain, repair, and lease the  
18 same and to enter into contracts for any of these purposes  
19 including contracts for the operation, management or use of  
20 the railway facility.
- 21      9. The authority may sell or convey any of the railway  
22 facilities upon terms and considerations acceptable to the  
23 governing board.
- 24      10. Issue bonds, notes or other obligations for any of  
25 its purposes and to refund the same, all as provided for in  
26 this Act. However, total outstanding principal amount of  
27 bonds shall not exceed one hundred million dollars at any  
28 one time.
- 29      11. Invest or deposit moneys of the authority, subject  
30 to any agreement with bondholders or noteholders, in any  
31 manner determined by the authority, notwithstanding the  
32 provisions of chapter four hundred fifty-two (452), four  
33 hundred fifty-three (453) or four hundred fifty-four (454)  
34 of the Code.
- 35      12. Fix and revise and charge and collect rates, rents,

1 fees and charges for the use of any railway facility or any  
2 portion of a facility and to contract with any person, firm  
3 or corporation or other public or private body in respect  
4 to a facility.

5 13. Mortgage all or any portion of its railway facili-  
6 ties and the sites, whether then owned or thereafter acquired,  
7 to finance the railway facility or any portion of the facility.

8 14. Extend loans for the purpose of financing project  
9 costs of a railway facility.

10 15. Extend loans to refund bonds, obligations to the  
11 federal government mortgages or advances issued, made or given  
12 for the cost of a railway facility including the issuing of  
13 bonds and making loans to refinance indebtedness incurred  
14 for railway facilities undertaken and completed prior to or  
15 after the enactment of this Act when the governing board finds  
16 that this financing is in the public interest.

17 16. Have and alter a corporate seal.

18 17. Receive and accept from any public agency loans or  
19 grants for or in aid of project costs and to receive and  
20 accept grants, gifts and other contributions from any source.

21 18. Own or operate a railway facility under this Act if  
22 necessary to preserve an essential part of a railway system,  
23 consistent with the department's determination that the railway  
24 facility is essential to the system, and then shall be  
25 relinquished to private ownership or operation as soon as  
26 economically practicable.

27 Sec. 8. NEW SECTION. DUTIES OF GOVERNING BOARD. The  
28 specific duties of the governing board shall be to:

29 1. Keep accurate records of all its proceedings and make  
30 them available to the public.

31 2. Exercise its powers and duties consistent with the  
32 policies and plans of the state transportation commission  
33 submitted by it to the general assembly as required under  
34 section three hundred seven point ten (307.10), subsection  
35 one (1) of the Code.

- 1     3. Issue a public declaration before the issuance of bonds  
2 as to the need for and use of the proceeds from the issuance  
3 of bonds.
- 4     4. Provide a prospectus in connection with the offer-  
5 ing for sale of bonds.
- 6     5. Make available to the public, before the acquisition,  
7 the reasons for determining that the acquisition of a rail-  
8 way facility in a contiguous state is essential to the pro-  
9 viding of a viable railway system.
- 10    6. Establish a maximum interest rate which the bonds of  
11 an issue may bear.
- 12    7. Establish one or more bond reserve funds.
- 13    8. When issuing bonds, issue bonds the interest of which  
14 will be tax exempt for federal income tax purposes, whenever  
15 possible.
- 16    9. Contract for services through the department when  
17 practicable.
- 18    10. Provide an annual report to the general assembly con-  
19 taining information as directed by the legislative council.
- 20    Sec. 9. NEW SECTION. BONDS. All bonds issued by the  
21 authority shall be payable solely out of the revenues and  
22 receipts derived from the lease or sale by the authority of  
23 its railway facilities or as may be designated in the  
24 proceedings of the governing board under which the bonds shall  
25 be authorized to be issued by the governing board, or derived  
26 from any loan agreement between the authority and the borrower  
27 with respect to railway facilities or any other funds of the  
28 authority which the board may designate. The proceedings  
29 of the governing board authorizing the issuance of the bonds  
30 shall provide for the manner of execution, delivery, form,  
31 terms, investment and disbursement of the proceeds, and  
32 security for the payment of the bonds. Before any bonds of  
33 the authority may be offered for sale, the authority shall  
34 issue a prospectus in connection with the offering. The bonds  
35 shall be either registered, registered as to principal only

1 or in coupon form, be payable as to principal at times over  
2 a period not to exceed thirty-five years. Any bonds of the  
3 authority may be sold at public or private sale at the price,  
4 in the manner and at the time as may be determined by the  
5 governing board. The proceedings under which bonds may be  
6 issued shall recognize and protect any prior pledge or mortgage  
7 made for any prior issue of bonds as they shall relate to  
8 the same facility. Chapter seventy-five (75) and sections  
9 twenty-three point twelve (23.12) through twenty-three point  
10 sixteen (23.16) of the Code do not apply to bonds issued under  
11 this Act. All bonds and interest coupons issued under this  
12 Act are negotiable instruments.

13 Sec. 10. NEW SECTION. REFUNDING OF BONDS. Any bonds  
14 of the authority at any time outstanding may be refunded with  
15 the consent of the bondholders or as provided in call  
16 provisions of the original issue by the authority by the  
17 issuance of its refunding bonds in an amount as it deems  
18 necessary but not exceeding an amount sufficient to refund  
19 the principal of the bonds to be refunded, together with any  
20 unpaid interest premiums, commissions, service fees and other  
21 expenses necessary to be paid. Any refunding may be effected  
22 whether the bonds to be refunded have matured or shall mature,  
23 either by sale of the refunding bonds and the application  
24 of the proceeds for the payment of the bonds to be refunded,  
25 or by the exchange of the refunding bonds for the bonds to  
26 be refunded with the consent of the holders of the bonds to  
27 be refunded. Refunding may be made without regard to whether  
28 or not the bonds to be refunded were issued in connection  
29 with the same railway facility or separate railway facilities  
30 or for any other purpose, and without regard to whether or  
31 not the bonds proposed to be refunded shall be payable on  
32 the same date or different dates or due serially or otherwise.

33 Sec. 11. NEW SECTION. SECURITY FOR BONDS. The principal  
34 of and interest on any bonds issued by the authority shall  
35 be secured by a pledge of revenues, rentals and receipts out

1 of which the same shall be made payable and may be secured  
2 by any federal funds, a trust indenture, mortgage or deed  
3 of trust including assignment of leases or other contract  
4 rights of the authority, contract rights of the authority  
5 or any person, firm, corporation or other business entity  
6 acquiring, leasing or operating a railway facility under this  
7 Act with third parties which may cover all or any part of  
8 the railway facilities for which the revenues, rentals or  
9 receipts pledged may be derived, including, but not limited  
10 to, any enlargements of or additions to any facilities.

11 Each such pledge shall continue effective until the  
12 principal and interest on the bonds shall have been fully  
13 paid or provision for the payment duly made.

14 Sec. 12. NEW SECTION. PAYMENT OF BONDS--NONLIABILITY  
15 OF STATE. Bonds issued under the provisions of this Act shall  
16 not constitute a debt or liability of the state or of any  
17 political subdivision within the meaning of any constitutional  
18 or statutory debt limitation, but are special obligations  
19 of the authority payable solely and only from the sources  
20 provided in this Act.

21 Sec. 13. NEW SECTION. REMEDIES OF BONDHOLDERS AND  
22 NOTEHOLDERS.

23 1. If the authority defaults in the payment of principal  
24 or interest on an issue of bonds or notes after they become  
25 due, whether at maturity or upon call for redemption, and  
26 the default continues for a period of thirty days, or if the  
27 authority fails or refuses to comply with the provisions of  
28 this Act, or defaults in an agreement made with the holders  
29 of an issue of bonds or notes, the holders of twenty-five  
30 percent in aggregate principal amount of bonds or notes of  
31 the issue then outstanding, by instrument filed in the office  
32 of the clerk of the county in which the principal office of  
33 the authority is located, and proved or acknowledged in the  
34 same manner as a deed to be recorded, may appoint a trustee  
35 to represent the holders of the bonds or notes for the purposes

1 provided in this section.

2 2. The authority or any trustee appointed under the  
3 indenture under which the bonds are issued may, and upon  
4 written request of the holders of twenty-five percent in  
5 aggregate principal amount of the issue of bonds or notes  
6 then outstanding shall:

7 a. Enforce all rights of the bondholders or noteholders,  
8 including the right to require the authority to carry out  
9 its agreements with the holders and to perform its duties  
10 under this Act.

11 b. Bring suit upon the bonds or notes.

12 c. By action require the authority to account as if it  
13 were the trustee of an express trust for the holders.

14 d. By action enjoin any acts or things which are unlawful  
15 or in violation of the rights of the holders.

16 e. Declare all the bonds or notes due and payable and  
17 if all defaults are made good then with the consent of the  
18 holders of twenty-five percent of the aggregate principal  
19 amount of the issue of bonds or notes then outstanding, annul  
20 the declaration and its consequences.

21 3. The trustee shall also have and possess all powers  
22 necessary or appropriate for the exercise of functions  
23 specifically set forth or incident to the general  
24 representation of bondholders or noteholders in the enforcement  
25 and protection of their rights.

26 4. Before declaring the principal of bonds or notes due  
27 and payable, the trustee shall first give thirty days' notice  
28 in writing to the governor, to the authority and to the  
29 attorney general of the state.

30 5. The district court has jurisdiction of any action by  
31 the trustee on behalf of bondholders or noteholders. The  
32 venue of the action shall be in the county in which the  
33 principal office of the authority is located.

34 Sec. 14. NEW SECTION. AUTHORITY AS PUBLIC INSTRUMENTALITY.  
35 The authority is performing a public function on behalf of

1 the state and is a public instrumentality of the state.  
2 Income of the authority and all properties owned or leased  
3 by the authority shall be exempt from all taxation in the  
4 state of Iowa. This Act shall not be construed as exempting  
5 from taxation properties comprising railway facilities financed  
6 under any of the provisions of this Act which are owned by  
7 persons or entities other than the authority except those  
8 leased by the authority.

9 Sec. 15. NEW SECTION. POWERS NOT RESTRICTED--LAW COMPLETE  
10 IN ITSELF. This Act shall not be construed as a restriction  
11 or limitation upon any powers which the authority might  
12 otherwise have under any laws of this state, but shall be  
13 construed as cumulative of any such powers. No proceedings,  
14 referendum, notice or approval shall be required for the  
15 creation of the authority or the issuance of any bonds or  
16 any instrument as security except as herein provided, any  
17 other law to the contrary notwithstanding; provided, that  
18 nothing herein shall be construed to deprive the state and  
19 its governmental subdivisions of their respective police  
20 powers over properties of the authority or to impair any power  
21 thereover of any official or agency of the state and its  
22 governmental subdivisions which may be otherwise provided  
23 by law.

24 Sec. 16. NEW SECTION. LIMITATION OF LIABILITY. The  
25 members of the board and persons acting in the board's behalf,  
26 while acting within the scope of their employment or agency,  
27 are not subject to personal liability resulting from carry-  
28 ing out the powers and duties given in this Act.

29 Sec. 17. NEW SECTION. EXEMPTION FROM CONSTRUCTION AND  
30 BIDDING REQUIREMENTS FOR PUBLIC BUILDINGS. A railway facility  
31 is not subject to any requirements relating to public  
32 buildings, structures, grounds, works or improvements imposed  
33 by any other law, except as determined by the governing board,  
34 or any other similar requirements which may be lawfully waived  
35 by this section and any requirement of competitive bidding

1 or other restriction imposed on the procedure for awarding  
2 contracts for such purpose or the lease, sale, or other  
3 disposition of property of the authority is not applicable  
4 to any action taken under the provisions of this Act.

5 Sec. 18. NEW SECTION. LIBERAL INTERPRETATION. This chap-  
6 ter, being necessary for the welfare of this state and its  
7 inhabitants, shall be liberally construed to effect its  
8 purposes.

9 Sec. 19. Sections one (1) through eighteen (18) of this  
10 Act are repealed effective July 1, 1982 if all the members  
11 of the governing board are not appointed by the governor by  
12 July 1, 1982.

13 Sec. 20. Of the first appointments to the governing body  
14 under section six (6) of this Act, two members shall be  
15 appointed for terms ending in 1982, two members shall be  
16 appointed for terms ending in 1984 and one member shall be  
17 appointed for a term ending in 1986. The terms of the first  
18 appointments shall end at 12:00 o'clock midnight on April  
19 thirtieth of the year of expiration.

20 Sec. 21. There is appropriated from the general fund of  
21 the state for the use of the Iowa railway finance authority  
22 the sum of three hundred fifty thousand (350,000) dollars,  
23 or so much thereof as is necessary, to be used for salaries,  
24 support, maintenance and miscellaneous purposes and to  
25 establish and maintain the Iowa railway finance authority  
26 and its staff, to promulgate rules under chapter seventeen  
27 A (17A) of the Code and for planning purposes. Section eight  
28 point thirty-three (8.33) of the Code shall not apply to the  
29 funds appropriated by this section. The funds appropriated  
30 by this section which are unencumbered and unobligated on  
31 July 1, 1982 shall be transferred to the railroad assistance  
32 fund and be available for the purposes provided in chapter  
33 three hundred twenty-seven H (327H) of the Code.

34 EXPLANATION

35 The bill creates a state railway finance authority which

1 has power to issue up to \$100,000,000 in revenue bonds for  
2 the purpose of providing funds for the acquisition, renovation  
3 or repair of railway facilities. The funds from the issuance  
4 of the bonds can be used to acquire or construct the railway  
5 facilities and lease them to interested persons or the funds  
6 can be loaned to persons for them to acquire or construct  
7 facilities or to renovate or repair existing ones. The  
8 issuance of the bonds is not an obligation or debt of the  
9 state or any public subdivision and is to be paid solely from  
10 the revenues from the loan of the funds or from the lease  
11 of the facilities acquired or built by the funds or from any  
12 other funds the authority may have. If all members of the  
13 governing board are not appointed and confirmed by July 1,  
14 1982 the bill is repealed.

15 The bill also makes an appropriation to establish and main-  
16 tain the authority and its staff and for planning purposes  
17 funds which are not used by July 1, 1982 are to be transferred  
18 to the railroad assistance fund.

19 The bill takes effect July first after enactment.

20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35

SENATE FILE 2378

S-5920

1 Amend Senate File 2378 as follows:

- 2 1. Page 8, line 28, by inserting after the word  
 3 "designate" the words "except that no tax funds which  
 4 the authority may receive from the state or any political  
 5 subdivision shall be used for payment of the bonds".  
 6 2. Page 10, line 18, by inserting after the word  
 7 "limitation" the words "and no appropriation shall  
 8 be made, directly or indirectly, by the state or any  
 9 political subdivision for the payment of the bonds".

S-5920 FILED

BY EDGAR H. HOLDEN

APRIL 24, 1980

*Adopted 4/25 (p. 1720)*

SENATE FILE 2378

S-5922

1 Amend Senate File 2378 as follows:

- 2 1. By striking everything after the enacting  
 3 clause and inserting in lieu thereof the following:  
 4 "Existing carriers in the state are in the process  
 5 of bidding on the purchase and right to operate lines  
 6 of bankrupt carriers. The governor shall appoint  
 7 a committee consisting of members from agricultural  
 8 shippers, manufacturing shippers, railroad personnel,  
 9 railroad labor, Iowa department of transportation  
 10 staff and members of the public to study and identify  
 11 areas or communities within the state that need rail  
 12 service and that will not be served by the private  
 13 sectors "economic rationalization" of the Iowa rail  
 14 system. The president of the senate and speaker of  
 15 the house shall appoint legislative members to serve  
 16 on the committee.

17 This committee shall develop solutions or  
 18 alternatives that will provide rail service to any  
 19 areas or communities found to be without necessary  
 20 rail service and submit a report containing said  
 21 solutions with recommendations for any legislation  
 22 needed to the general assembly by January of 1981."

- 23 2. By striking the title and inserting in lieu  
 24 thereof the words "An Act requiring the governor to  
 25 appoint a committee to study and identify areas and  
 26 communities in the state that will need rail service  
 27 and which will not be provided by the private sector  
 28 and to submit a report to the general assembly  
 29 containing solutions or recommended legislation by  
 30 January, 1981."

S-5922 FILED

BY GEORGE R. KINLEY

APRIL 24, 1980

WILLIAM D. PALMER

*Adopted 4/25 (p. 1717)*

SENATE FILE 2378

S-5930

1 Amend Senate File 2378 as follows:

- 2 1. Page 3, line 10, by striking the word "except".

S-5930 FILED

BY BERL E. PRIEBE

APRIL 25, 1980

LOST (p. 1719)

## SENATE FILE 2378

S--5891

- 1 Amend Senate File 2378 as follows:
- 2 1. Page 6, line 2, by striking the word "whether".
- 3 2. Page 6, lines 3 and 4, by striking the words
- 4 "or a contiguous state, if deemed essential to provide
- 5 a viable system".
- 6 3. Page 8, by striking lines 6 through 9.
- 7 4. By renumbering as is necessary.

S-5891 FILED

BY JOE BROWN

APRIL 24, 1980

*Revised out of order  
4/25 (p. 1119)*

SENATE FILE 2378

S-5892

- 1 Amend Senate File 2378 as follows:
- 2 1. Page 4, line 12, by striking the word "five"
- 3 and inserting in lieu thereof the word "three".
- 4 2. Page 4, line 29, by striking the word "three"
- 5 and inserting in lieu thereof the word "two".
- 6 3. Page 13, line 14, by striking the words "two
- 7 members" and inserting in lieu thereof the words
- 8 "one member".
- 9 4. Page 13, line 15, by striking the word "terms"
- 10 and inserting in lieu thereof the words "a term".
- 11 5. Page 13, line 15, by striking the words "two
- 12 members" and inserting in lieu thereof the words
- 13 "one member".
- 14 6. Page 13, line 16, by striking the word "term"
- 15 and inserting in lieu thereof the words "a term".

S-5892 FILED

BY JOE BROWN

APRIL 24, 1980

*Revised 4/25 (p. 1119)*

SENATE FILE 2378

S-5895

- 1 Amend Senate File 2378 as follows:
- 2 1. Page 8, line 28, by inserting after the period
- 3 the words "However, bonds issued by the authority
- 4 shall not be payable out of funds appropriated from
- 5 the general fund of the state of Iowa."
- 6 2. Page 10, line 16, by inserting after the words
- 7 "constitute a" the words "legal or moral".

S-5895 FILED

BY JOHN NYSTROM

APRIL 24, 1980

*Revised out of order 4/25 (p. 1120)*

CLOYD ROBINSON

JOHN JENSEN

JOE BROWN

SENATE FILE 2378

S-5896

- 1 Amend Senate File 2378 as follows:
- 2 1. Page 6, line 28, by inserting after the period
- 3 the words "However, bonds shall not be issued for
- 4 the acquisition of tracks and rights-of-way which
- 5 an existing railroad seeks to acquire and operate
- 6 as a part of its system and for which the existing
- 7 railroad has submitted in writing a firm bona fide
- 8 offer to buy."

S-5896 FILED

BY CLOYD E. ROBINSON

APRIL 24, 1980

*Revised 4/25 (p. 1119)*

S-5832

1 Amend Senate File 2378 as follows:

- 2 1. Page 1, line 19, by striking the words "a  
3 railroad" and inserting in lieu thereof the words  
4 "rolling stock except as incidental to the repair  
5 or renovation of a railway facility".
- 6 2. Page 2, by striking lines 18 through 25 and  
7 inserting in lieu thereof the words "increase in  
8 transportation costs. This will be accompanied by  
9 a reduction in Iowa farm income. Any prolonged loss  
10 of service on the essential portions of these rail  
11 facilities means the loss of jobs in Iowa and a loss  
12 to the state economy."
- 13 3. Page 5, lines 24 and 25, by striking the words  
14 "transportation regulation board shall provide all"  
15 and inserting in lieu thereof the words "counsel of  
16 the transportation regulation board and the attorney  
17 general's office shall provide".
- 18 4. Page 6, lines 3 and 4, by striking the words  
19 "if deemed essential to provide a viable system,".
- 20 5. Page 7, line 22, by striking the words "an  
21 essential".
- 22 6. Page 7, line 24, by striking the word  
23 "essential" and inserting in lieu thereof the word  
24 "necessary".
- 25 7. Page 12, by striking lines 27 through 28 and  
26 inserting in lieu thereof the words "shall be employees  
27 of the state within the meaning of chapter twenty-  
28 five A (25A) of the Code and the provisions of that  
29 chapter shall apply to such members and persons."
- 30 8. Page 13, by striking line 22 and inserting  
31 in lieu thereof the words and figures "the sum of  
32 two hundred seventy-five thousand (275,000) dollars,".

S-5832 FILED  
APRIL 23, 1980

*Adopted as amended by 5851  
4/25 (p. 1717)*

BY RICHARD F. DRAKE  
C. W. HUTCHINS  
JOHN SCOTT  
ROLF V. CRAFT

BASS VAN GILST  
BOB RUSH

## SENATE FILE 2378

S-5851

1 Amend the Drake et al amendment, S- 5832 , to Senate  
2 File 2378 as follows:

- 3 1. Page 1, by inserting after line 21 the following:  
4 "\_\_\_\_\_. Page 7, by striking line 23 and inserting in  
5 lieu thereof the words "upon the determination, after  
6 consultation with the department, that the railway".  
7 2. Number and renumber as is necessary.

S-5851 FILED

BY JOHN SCOTT

APRIL 24, 1980

*Adopted 4/25 (p. 1717)*

SENATE FILE 2378

S-5927

- 1 Amend Senate File 2378 as follows:  
2 1. Page 4, by striking lines 1 and 2 and  
3 inserting in lieu thereof the following: -  
4 "5. "Governing board" or "board" means the  
5 state transportation commission."  
6 2. Page 4, by striking lines 11 through 35 and  
7 inserting in lieu thereof the following:  
8 "All rules and laws which are applicable to the  
9 commission as governing body of the department of  
10 transportation shall be applicable to the commission  
11 as governing board for the authority to the extent  
12 applicable.  
13 Any payment for compensation and expenses of the  
14 commission as governing board for the authority shall  
15 be paid from funds of the authority."  
16 3. Page 5, by striking lines 1 through 17.  
17 4. Page 13, by striking lines 9 through 19.  
18 5. Renumber and number sections and make  
19 internal corrections as necessary.

S-5927 FILED  
APRIL 25, 1980  
LOST (p. 17/8)

BY ARTHUR A. SMALL, JR.

SENATE FILE 2378

S-5931

- 1 Amend Senate File 2378 as follows:  
2 1. Page 13, by inserting after line 19 the follow-  
3 ing:  
4 "Sec. \_\_\_\_ Chapter three hundred seven (307), Code  
5 1979, is amended by adding the following new section:  
6 NEW SECTION. COLLECTION OF DELINQUENT RAILWAY  
7 TAXES--COMPROMISE.  
8 1. Sixty days after the tax obligations of a rail-  
9 way company which are owed to a political subdivision  
10 of this state become delinquent as provided in section  
11 four hundred forty-five point thirty-seven (445.37) of  
12 the Code and remain unpaid, the state department of  
13 transportation shall become responsible for collection  
14 of the delinquent taxes. The county treasurer of each  
15 affected county shall transmit the unpaid tax state-  
16 ment of the railway company to the state department of  
17 transportation.  
18 2. The transportation regulation board shall con-  
19 solidate and collect all delinquent tax obligations of  
20 a railway company received from the counties. The  
21 transportation regulation board may compromise the  
22 delinquent taxes against the railway company property  
23 and by written agreement with the railway company agree  
24 to the payment of a stipulated sum in full liquidation  
25 of all delinquent taxes included in the agreement and  
26 may accept title to any right-of-way or other real  
27 estate in this state owned by the railway company in  
28 payment for the delinquent taxes."  
29 2. Renumber as required.  
30

S-5931 FILED & ADOPTED (p. 17/10)  
APRIL 25, 1980.

BY ARTHUR A. SMALL, JR.

S-5924

1 Amend Senate File 2378 as follows:

2 1. Page 13, by inserting after line 33 the follow-  
3 ing new section:

4 "Sec. \_\_\_\_ . This Act, being deemed of immediate importance  
5 takes effect from and after its publication in the  
6 Audubon News-Advocate, a newspaper published in  
7 Audubon, Iowa, and in the Muscatine Journal, a news-  
8 paper published in Muscatine, Iowa."

S-5924 FILED  
APRIL 25, 1980  
ADOPTED (p. 1720)

BY C. W. HUTCHINS  
RICHARD DRAKE

SENATE FILE 2378

S-5926

1 Amend Senate File 2378 as follows:

2 1. Page 9, line 12, by inserting after the word  
3 "instruments." the words "Bonds sold under the provisions  
4 of this Act shall not be exempt from the provisions  
5 of chapter five hundred two (502)."

S-5926 FILED  
APRIL 25, 1980  
LOST (p. 1721)

BY ARTHUR A. SMALL, JR.

SENATE FILE 2378

S-5928

1 Amend Senate File 2378 as follows:

2 1. Page 3, line 10, by striking the words  
3 "except rolling stock;" .

S-5928 FILED  
APRIL 25, 1980  
WITHDRAWN (p. 1722)

BY BERL PRIEBE

SENATE FILE 2378

S-5933

1 Amend Senate File 2378 as follows:

2 1. Page 6, line 13, by inserting after the period  
3 the following: "Any contracts entered into must con-  
4 tain a provision that a shipper who does not own and  
5 does not belong to an association which owns bonds  
6 issued by the authority shall be charged a higher rate  
7 than the scheduled rate, as established by the authority,  
8 for the use of a railway facility."

9 2. Page 8, by inserting after line 19 the following:  
10 "11. Provide that a shipper who does not own and  
11 does not belong to an association which owns bonds  
12 issued by the authority shall be charged a higher rate  
13 for the use of a railway facility until such time as  
14 the shipper or association to which the shipper belongs  
15 becomes an owner of bonds issued by the authority. The  
16 board shall establish the principal amount of the bonds  
17 that has to be owned in order for a shipper not to be  
18 charged a higher rate and shall establish, as a sur-  
19 charge, the percentage which the higher rate shall exceed  
20 the scheduled rate."

21 3. Number and renumber as is necessary.

S-5933 FILED  
APRIL 25, 1980  
LOST (p. 1722)

BY BERL E. PRIEBE



1 Section 1. NEW SECTION. SHORT TITLE. This Act may be  
2 referred to and cited as the "Iowa Railway Finance Authority  
3 Act".

4 Sec. 2. NEW SECTION. DECLARATION OF NECESSITY AND PURPOSE.  
5 The purpose of this Act is to benefit the citizens of Iowa  
6 by improving their general health, welfare and prosperity  
7 and insuring the economic and commercial development of the  
8 state. Access to adequate railway transportation facilities  
9 is essential to the economic welfare of the state. This Act  
10 is intended to preserve for the citizens of Iowa those railway  
11 facilities now in existence in the state which have a viable  
12 future but which for a variety of economic and legal reasons  
13 may well go out of service if the state does not provide the  
14 financing mechanism contained in this Act. It is the intent  
15 of the Act that ownership and control of railway facilities  
16 be transferred to private ownership as promptly as economically  
17 practicable. It is further intended that the authority created  
18 herein be vested with all powers to enable it to accomplish  
19 its purposes except the power to operate rolling stock except  
20 as incidental to the repair or renovation of a railway  
21 facility.

22 Sec. 3. NEW SECTION. LEGISLATIVE FINDINGS. The general  
23 assembly finds and declares as follows:

24 1. The establishment of the authority is in all respects  
25 for the benefit of the people of the state of Iowa, for the  
26 improvement of their health and welfare, and for the promo-  
27 tion of the economy, which are public purposes.

28 2. The authority will be performing an essential govern-  
29 mental function in the exercise of the powers and duties con-  
30 ferred upon it by this chapter.

31 3. There will exist a serious shortage of viable rail  
32 lines and railway facilities serving the rural and agricultural  
33 communities of the state.

34 4. There exists a serious problem in this state regarding  
35 the ability of agricultural producers to transport economically

1 farm products to traditional markets because of the abandonment  
2 and possible abandonment of railway facilities within the  
3 state.

4 5. These conditions are making it more and more difficult  
5 for farmers and farm related businesses to survive in the  
6 present state of the economy thus threatening the very heart  
7 blood of Iowa.

8 6. One major cause of this condition has been recurrent  
9 shortages of funds in private channels and the high interest  
10 cost of borrowing.

11 7. These shortages have contributed to reductions in  
12 construction of new railway facilities, and have made the  
13 sale, purchase and repair of existing railway facilities a  
14 virtual impossibility in many parts of the state.

15 8. Iowa faces the possible consequences of two railroad  
16 bankruptcies and further reductions in service by other  
17 railroads due to deteriorating rail facilities. The loss  
18 of rail service on three thousand ninety miles may be the  
19 immediate consequence of the bankruptcies, with a resultant  
20 increase in transportation costs. This will be accompanied  
21 by a reduction in Iowa farm income. Any prolonged loss of  
22 service on the essential portions of these rail facilities  
23 means the loss of jobs in Iowa and a loss to the state economy.

24 9. A stable supply of adequate funds for financing of  
25 railway facilities is required to encourage construction of  
26 railway facilities, the rehabilitation of existing facilities  
27 and to prevent the abandonment of others in an orderly and  
28 sustained manner and to reduce the problems described in this  
29 section.

30 10. It is necessary to create a railway finance authority  
31 to encourage the investment of private capital and stimulate  
32 the construction, rehabilitation and repair of railway  
33 facilities and to prevent the abandonment of others through  
34 the use of public financing.

35 11. All of the purposes stated in this section are public

1 purposes and uses for which public moneys may be borrowed,  
2 expended, advanced, loaned or granted.

3 Sec. 4. NEW SECTION. DEFINITIONS. For purposes of this  
4 Act, unless the context otherwise requires:

5 1. "Authority" means the Iowa railway finance authority  
6 created by this Act.

7 2. "Railway facilities" means land, structures, fixtures,  
8 buildings and equipment, except rolling stock, necessary or  
9 useful in providing railroad transportation services, in-  
10 cluding, but not limited to, roadbeds, track, trestle, depot,  
11 switching and signaling equipment and all necessary, useful  
12 and related equipment and appurtenances and all franchises,  
13 easements and other interests in land and rights-of-way  
14 necessary or convenient as a site or sites for any of the  
15 foregoing.

16 3. "Project costs" as applied to railway facilities fi-  
17 nanced under the provisions of this Act means the total of  
18 all reasonable or necessary costs for or incidental to the  
19 acquisition, construction, reconstruction, repair, alteration,  
20 improvement or extension of any railway facilities including,  
21 but not limited to, the cost of studies and surveys, plans,  
22 specifications, architectural and engineering services, legal,  
23 organizational, marketing or other special services, financing,  
24 acquisition, demolition, construction, equipment and site  
25 development of new and rehabilitated buildings and facilities,  
26 rehabilitation, reconstruction, repair or remodeling of  
27 existing buildings and facilities and all other necessary  
28 and incidental expenses including, but not limited to, an  
29 initial bond and interest reserve together with interest on  
30 bonds issued to finance the railway facilities to a date six  
31 months subsequent to the estimated date of completion.

32 4. "Department" means the Iowa department of  
33 transportation.

34 5. "Governing board" or "board" means the governing board  
35 of the authority created by section six (6) of this Act.

1       6. "Bonds" means negotiable bonds, notes or other obliga-  
2 tions, except those obligations to the federal government,  
3 issued under this Act.

4       Sec. 5. NEW SECTION. IOWA RAILWAY FINANCE AUTHORITY.  
5 There is created an Iowa railway finance authority for the  
6 purpose of financing railway facilities as provided in this  
7 Act.

8       Sec. 6. NEW SECTION. GOVERNING BOARD--STAFF.

9       1. The powers of the authority shall be vested in and  
10 exercised by a governing board consisting of five members  
11 appointed by the governor subject to confirmation by the  
12 senate.

13       2. The members of the governing board shall be appointed  
14 by the governor for staggered terms of six years beginning  
15 and ending as provided in Senate File two thousand three  
16 hundred one (2301) as enacted by the Sixty-eighth General  
17 Assembly, 1980 Session, section three (3). A person appointed  
18 to fill a vacancy shall serve only for the unexpired portion  
19 of the term. A member is eligible for reappointment. A  
20 member of the board may be removed from office by the governor  
21 for misfeasance, malfeasance or willful neglect of duty or  
22 other just cause, after notice and hearing, unless the notice  
23 and hearing is expressly waived in writing. A member of the  
24 board shall not also serve concurrently as a member of the  
25 state transportation commission or as an official or employee  
26 of the department.

27       3. Three members of the board constitute a quorum and  
28 the affirmative vote of a majority of the members is necessary  
29 for any recommendation made by the board. The majority shall  
30 not include any member who has a conflict of interest and  
31 a statement by a member of a conflict of interest is conclusive  
32 for this purpose. A vacancy in the membership does not impair  
33 the right of a quorum to perform the functions and duties  
34 of the board.

35       4. Members of the board are entitled to receive forty

1 dollars per diem for each day spent in performance of their  
2 functions and duties as members and reimbursement for all  
3 actual and necessary expenses incurred in the performance  
4 of their functions and duties as members.

5 5. Meetings of the board shall be held at the call of  
6 the chairperson or when two members so request.

7 6. Members shall elect a chairperson and vice chairperson  
8 annually, and other officers as they determine. However,  
9 the director of the department shall be the secretary of the  
10 board.

11 7. The members of the board shall give bond as required  
12 for public officers in chapter sixty-four (64) of the Code.

13 8. The members of the board shall be subject to and be  
14 officials within the meaning of chapter sixty-eight B (68B)  
15 of the Code.

16 9. The director and staff of the department shall serve  
17 as the staff of the authority. The director of the department  
18 shall advise the board on matters relating to railroad  
19 transportation and carry out all directives from the board,  
20 and may employ professional expertise when not available on  
21 the department staff.

22 10. The counsel of the transportation regulation board  
23 and the attorney general's office shall provide legal services  
24 for the authority and the board unless a majority of the board  
25 deems outside counsel is required in a particular instance.

26 Sec. 7. NEW SECTION. POWERS OF THE AUTHORITY. The  
27 authority shall have all powers necessary for the performance  
28 of its purposes and duties, including but not limited to,  
29 the power to:

30 1. Have perpetual succession as a public authority.

31 2. Adopt rules for the regulation of its affairs and to  
32 carry out its duties and responsibilities.

33 3. Sue and be sued in its own name.

34 4. Exercise the power of eminent domain.

35 5. Acquire railway facilities, whether located within

\* 1 Iowa or a contiguous state, directly or through an agent,  
2 by purchase, lease, gift, devise or otherwise.

3 6. Determine the location and construction of any railway  
4 facility to be financed under the provisions of this Act and  
5 to construct, reconstruct, renovate, replace, maintain, repair  
6 and lease the same, and to enter into contracts for any of  
7 these purposes.

8 7. Enter into contracts with any person, federal or state  
9 government or subdivision of a state for the operation, manage-  
10 ment or use of a railway facility.

11 8. Designate an agent to determine the location and  
12 construction of a railway facility under the provisions of  
13 this Act and as agent of the authority, to construct, recon-  
14 struct, renovate, replace, maintain, repair, and lease the  
15 same and to enter into contracts for any of these purposes  
16 including contracts for the operation, management or use of  
17 the railway facility.

18 9. The authority may sell or convey any of the railway  
19 facilities upon terms and considerations acceptable to the  
20 governing board.

21 10. Issue bonds, notes or other obligations for any of  
22 its purposes and to refund the same, all as provided for in  
23 this Act. However, total outstanding principal amount of  
24 bonds shall not exceed one hundred million dollars at any  
25 one time.

26 11. Invest or deposit moneys of the authority, subject  
27 to any agreement with bondholders or noteholders, in any  
28 manner determined by the authority, notwithstanding the  
29 provisions of chapter four hundred fifty-two (452), four  
30 hundred fifty-three (453) or four hundred fifty-four (454)  
31 of the Code.

32 12. Fix and revise and charge and collect rates, rents,  
33 fees and charges for the use of any railway facility or any  
34 portion of a facility and to contract with any person, firm  
35 or corporation or other public or private body in respect

1 to a facility.

2 13. Mortgage all or any portion of its railway facili-  
3 ties and the sites, whether then owned or thereafter acquired,  
4 to finance the railway facility or any portion of the facility.

5 14. Extend loans for the purpose of financing project  
6 costs of a railway facility.

7 15. Extend loans to refund bonds, obligations to the  
8 federal government mortgages or advances issued, made or given  
9 for the cost of a railway facility including the issuing of  
10 bonds and making loans to refinance indebtedness incurred  
11 for railway facilities undertaken and completed prior to or  
12 after the enactment of this Act when the governing board finds  
13 that this financing is in the public interest.

14 16. Have and alter a corporate seal.

15 17. Receive and accept from any public agency loans or  
16 grants for or in aid of project costs and to receive and  
17 accept grants, gifts and other contributions from any source.

18 18. Own or operate a railway facility under this Act if  
\* 19 necessary to preserve part of a railway system, upon the  
20 determination, after consultation with the department, that  
21 the railway facility is necessary to the system, and then  
22 shall be relinquished to private ownership or operation as  
23 soon as economically practicable.

24 Sec. 8. NEW SECTION. DUTIES OF GOVERNING BOARD. The  
25 specific duties of the governing board shall be to:

26 1. Keep accurate records of all its proceedings and make  
27 them available to the public.

28 2. Exercise its powers and duties consistent with the  
29 policies and plans of the state transportation commission  
30 submitted by it to the general assembly as required under  
31 section three hundred seven point ten (307.10), subsection  
32 one (1) of the Code.

33 3. Issue a public declaration before the issuance of bonds  
34 as to the need for and use of the proceeds from the issuance  
35 of bonds.

1 4. Provide a prospectus in connection with the offer-  
2 ing for sale of bonds.

3 5. Make available to the public, before the acquisition,  
4 the reasons for determining that the acquisition of a rail-  
5 way facility in a contiguous state is essential to the pro-  
6 viding of a viable railway system.

7 6. Establish a maximum interest rate which the bonds of  
8 an issue may bear.

9 7. Establish one or more bond reserve funds.

10 8. When issuing bonds, issue bonds the interest of which  
11 will be tax exempt for federal income tax purposes, whenever  
12 possible.

13 9. Contract for services through the department when  
14 practicable.

15 10. Provide an annual report to the general assembly con-  
16 taining information as directed by the legislative council.

17 Sec. 9. NEW SECTION. BONDS. All bonds issued by the  
18 authority shall be payable solely out of the revenues and  
19 receipts derived from the lease or sale by the authority of  
20 its railway facilities or as may be designated in the  
21 proceedings of the governing board under which the bonds shall  
22 be authorized to be issued by the governing board, or derived  
23 from any loan agreement between the authority and the borrower  
24 with respect to railway facilities or any other funds of the  
25 authority which the board may designate except that no tax  
26 funds which the authority may receive from the state or any  
27 political subdivision shall be used for payment of the bonds.  
28 The proceedings of the governing board authorizing the issuance  
29 of the bonds shall provide for the manner of execution,  
30 delivery, form, terms, investment and disbursement of the  
31 proceeds, and security for the payment of the bonds. Before  
32 any bonds of the authority may be offered for sale, the  
33 authority shall issue a prospectus in connection with the  
34 offering. The bonds shall be either registered, registered  
35 as to principal only or in coupon form, be payable as to

1 principal at times over a period not to exceed thirty-five  
2 years. Any bonds of the authority may be sold at public or  
3 private sale at the price, in the manner and at the time as  
4 may be determined by the governing board. The proceedings  
5 under which bonds may be issued shall recognize and protect  
6 any prior pledge or mortgage made for any prior issue of bonds  
7 as they shall relate to the same facility. Chapter seventy-  
8 five (75) and sections twenty-three point twelve (23.12)  
9 through twenty-three point sixteen (23.16) of the Code do  
10 not apply to bonds issued under this Act. All bonds and  
11 interest coupons issued under this Act are negotiable  
12 instruments.

13 Sec. 10. NEW SECTION. REFUNDING OF BONDS. Any bonds  
14 of the authority at any time outstanding may be refunded with  
15 the consent of the bondholders or as provided in call  
16 provisions of the original issue by the authority by the  
17 issuance of its refunding bonds in an amount as it deems  
18 necessary but not exceeding an amount sufficient to refund  
19 the principal of the bonds to be refunded, together with any  
20 unpaid interest premiums, commissions, service fees and other  
21 expenses necessary to be paid. Any refunding may be effected  
22 whether the bonds to be refunded have matured or shall mature,  
23 either by sale of the refunding bonds and the application  
24 of the proceeds for the payment of the bonds to be refunded,  
25 or by the exchange of the refunding bonds for the bonds to  
26 be refunded with the consent of the holders of the bonds to  
27 be refunded. Refunding may be made without regard to whether  
28 or not the bonds to be refunded were issued in connection  
29 with the same railway facility or separate railway facilities  
30 or for any other purpose, and without regard to whether or  
31 not the bonds proposed to be refunded shall be payable on  
32 the same date or different dates or due serially or otherwise.

33 Sec. 11. NEW SECTION. SECURITY FOR BONDS. The principal  
34 of and interest on any bonds issued by the authority shall  
35 be secured by a pledge of revenues, rentals and receipts out

1 of which the same shall be made payable and may be secured  
2 by any federal funds, a trust indenture, mortgage or deed  
3 of trust including assignment of leases or other contract  
4 rights of the authority, contract rights of the authority  
5 or any person, firm, corporation or other business entity  
6 acquiring, leasing or operating a railway facility under this  
7 Act with third parties which may cover all or any part of  
8 the railway facilities for which the revenues, rentals or  
9 receipts pledged may be derived, including, but not limited  
10 to, any enlargements of or additions to any facilities.

11 Each such pledge shall continue effective until the  
12 principal and interest on the bonds shall have been fully  
13 paid or provision for the payment duly made.

14 Sec. 12. NEW SECTION. PAYMENT OF BONDS--NONLIABILITY  
15 OF STATE. Bonds issued under the provisions of this Act shall  
16 not constitute a debt or liability of the state or of any  
17 political subdivision within the meaning of any constitutional  
18 or statutory debt limitation and no appropriation shall be  
19 made, directly or indirectly, by the state or any political  
20 subdivision for the payment of the bonds, but are special  
21 obligations of the authority payable solely and only from  
22 the sources provided in this Act.

23 Sec. 13. NEW SECTION. REMEDIES OF BONDHOLDERS AND  
24 NOTEHOLDERS.

25 1. If the authority defaults in the payment of principal  
26 or interest on an issue of bonds or notes after they become  
27 due, whether at maturity or upon call for redemption, and  
28 the default continues for a period of thirty days, or if the  
29 authority fails or refuses to comply with the provisions of  
30 this Act, or defaults in an agreement made with the holders  
31 of an issue of bonds or notes, the holders of twenty-five  
32 percent in aggregate principal amount of bonds or notes of  
33 the issue then outstanding, by instrument filed in the office  
34 of the clerk of the county in which the principal office of  
35 the authority is located, and proved or acknowledged in the

1 same manner as a deed to be recorded, may appoint a trustee  
2 to represent the holders of the bonds or notes for the purposes  
3 provided in this section.

4 2. The authority or any trustee appointed under the  
5 indenture under which the bonds are issued may, and upon  
6 written request of the holders of twenty-five percent in  
7 aggregate principal amount of the issue of bonds or notes  
8 then outstanding shall:

9 a. Enforce all rights of the bondholders or noteholders,  
10 including the right to require the authority to carry out  
11 its agreements with the holders and to perform its duties  
12 under this Act.

13 b. Bring suit upon the bonds or notes.

14 c. By action require the authority to account as if it  
15 were the trustee of an express trust for the holders.

16 d. By action enjoin any acts or things which are unlawful  
17 or in violation of the rights of the holders.

18 e. Declare all the bonds or notes due and payable and  
19 if all defaults are made good then with the consent of the  
20 holders of twenty-five percent of the aggregate principal  
21 amount of the issue of bonds or notes then outstanding, annul  
22 the declaration and its consequences.

23 3. The trustee shall also have and possess all powers  
24 necessary or appropriate for the exercise of functions  
25 specifically set forth or incident to the general  
26 representation of bondholders or noteholders in the enforcement  
27 and protection of their rights.

28 4. Before declaring the principal of bonds or notes due  
29 and payable, the trustee shall first give thirty days' notice  
30 in writing to the governor, to the authority and to the  
31 attorney general of the state.

32 5. The district court has jurisdiction of any action by  
33 the trustee on behalf of bondholders or noteholders. The  
34 venue of the action shall be in the county in which the  
35 principal office of the authority is located.

1 by any other law, except as determined by the governing board,  
2 or any other similar requirements which may be lawfully waived  
3 by this section and any requirement of competitive bidding  
4 or other restriction imposed on the procedure for awarding  
5 contracts for such purpose or the lease, sale, or other  
6 disposition of property of the authority is not applicable  
7 to any action taken under the provisions of this Act.

8 Sec. 18. NEW SECTION. LIBERAL INTERPRETATION. This chap-  
9 ter, being necessary for the welfare of this state and its  
10 inhabitants, shall be liberally construed to effect its  
11 purposes.

12 Sec. 19. Sections one (1) through eighteen (18) of this  
13 Act are repealed effective July 1, 1982 if all the members  
14 of the governing board are not appointed by the governor by  
15 July 1, 1982.

16 Sec. 20. Of the first appointments to the governing body  
17 under section six (6) of this Act, two members shall be  
18 appointed for terms ending in 1982, two members shall be  
19 appointed for terms ending in 1984 and one member shall be  
20 appointed for a term ending in 1986. The terms of the first  
21 appointments shall end at 12:00 o'clock midnight on April  
22 thirtieth of the year of expiration.

23 Sec. 21. Chapter three hundred seven (307), Code 1979,  
24 is amended by adding the following new section:

25 NEW SECTION. COLLECTION OF DELINQUENT RAILWAY TAXES--  
26 COMPROMISE.

27 1. Sixty days after the tax obligations of a railway  
28 company which are owed to a political subdivision of this  
29 state become delinquent as provided in section four hundred  
30 forty-five point thirty-seven (445.37) of the Code and remain  
31 unpaid, the state department of transportation shall become  
32 responsible for collection of the delinquent taxes. The  
33 county treasurer of each affected county shall transmit the  
34 unpaid tax statement of the railway company to the state  
35 department of transportation.

1       Sec. 14. NEW SECTION. AUTHORITY AS PUBLIC INSTRUMENTALITY.

2       The authority is performing a public function on behalf of  
3       the state and is a public instrumentality of the state.  
4       Income of the authority and all properties owned or leased  
5       by the authority shall be exempt from all taxation in the  
6       state of Iowa. This Act shall not be construed as exempting  
7       from taxation properties comprising railway facilities financed  
8       under any of the provisions of this Act which are owned by  
9       persons or entities other than the authority except those  
10      leased by the authority.

11      Sec. 15. NEW SECTION. POWERS NOT RESTRICTED--LAW COMPLETE  
12      IN ITSELF. This Act shall not be construed as a restriction  
13      or limitation upon any powers which the authority might  
14      otherwise have under any laws of this state, but shall be  
15      construed as cumulative of any such powers. No proceedings,  
16      referendum, notice or approval shall be required for the  
17      creation of the authority or the issuance of any bonds or  
18      any instrument as security except as herein provided, any  
19      other law to the contrary notwithstanding; provided, that  
20      nothing herein shall be construed to deprive the state and  
21      its governmental subdivisions of their respective police  
22      powers over properties of the authority or to impair any power  
23      thereover of any official or agency of the state and its  
24      governmental subdivisions which may be otherwise provided  
25      by law.

26      Sec. 16. NEW SECTION. LIMITATION OF LIABILITY. The  
27      members of the board and persons acting in the board's behalf,  
28      while acting within the scope of their employment or agency,  
29      shall be employees of the state within the meaning of chapter  
30      twenty-five A (25A) of the Code and the provisions of that  
31      chapter shall apply to such members and persons.

32      Sec. 17. NEW SECTION. EXEMPTION FROM CONSTRUCTION AND  
33      BIDDING REQUIREMENTS FOR PUBLIC BUILDINGS. A railway facility  
34      is not subject to any requirements relating to public  
35      buildings, structures, grounds, works or improvements imposed

1        2. The transportation regulation board shall consolidate  
2 and collect all delinquent tax obligations of a railway company  
3 received from the counties. The transportation regulation  
4 board may compromise the delinquent taxes against the railway  
5 company property and by written agreement with the railway  
6 company agree to the payment of a stipulated sum in full  
7 liquidation of all delinquent taxes included in the agreement  
8 and may accept title to any right-of-way or other real estate  
9 in this state owned by the railway company in payment for  
10 the delinquent taxes.

11        Sec. 22. There is appropriated from the general fund of  
12 the state for the use of the Iowa railway finance authority  
13 the sum of two hundred seventy-five thousand (275,000) dollars,  
14 or so much thereof as is necessary, to be used for salaries,  
15 support, maintenance and miscellaneous purposes and to  
16 establish and maintain the Iowa railway finance authority  
17 and its staff, to promulgate rules under chapter seventeen  
18 A (17A) of the Code and for planning purposes. Section eight  
19 point thirty-three (8.33) of the Code shall not apply to the  
20 funds appropriated by this section. The funds appropriated  
21 by this section which are unencumbered and unobligated on  
22 July 1, 1982 shall be transferred to the railroad assistance  
23 fund and be available for the purposes provided in chapter  
24 three hundred twenty-seven H (327H) of the Code.

25        Sec. 23. This Act, being deemed of immediate importance  
26 takes effect from and after its publication in the Audubon  
27 News-Advocate, a newspaper published in Audubon, Iowa, and  
28 in the Muscatine Journal, a newspaper published in Muscatine,  
29 Iowa.

30  
31  
32  
33  
34  
35

SF 2378  
mg/slc/26c

HOUSE CLIP SHEET

FINAL DAY

SENATE FILE 2378

H-6416

1 Amend Senate File 2378, as amended, passed, and  
2 reprinted by the Senate, as follows:  
3 1. Page 10, line 15, by inserting after the word  
4 "Act" the words ", and judgments based on contract or tort  
5 arising from the activities of the authority or persons  
6 acting on its behalf,".  
7 2. Page 10, line 20, by inserting after the word  
8 "bonds" the words "or judgments, or for the indemnification  
9 of a person subject to a judgment arising from that person's  
10 actions on the authority's behalf".

H-6416 FILED APRIL 26, 1980  
ADOPTED (p. 2200)

BY CONLON of Muscatine  
WEST of Marshall  
MILLER of Buchanan

SENATE FILE 2378

H-6418

1 Amend Senate File 2378 as amended, passed and  
2 reprinted by the Senate, as follows:  
3 1. Page 4, line 28, by striking the words "a  
4 majority of the" and inserting in lieu thereof the  
5 words "at least three".

H-6418 FILED APRIL 26, 1980  
ADOPTED (p. 2177)

BY SPEAR of Lee

SENATE FILE 2378

H-6419

1 Amend amendment, H-6417, to Senate File 2378 as  
2 amended, passed and reprinted by the Senate, as  
3 follows:  
4 1. Page 1, by inserting after line 4 the following:  
5 "\_\_\_\_. Page 7, by inserting after line 23 the  
6 following:  
7 "19. Temporarily operate a railway facility under  
8 this Act if sufficient need exists or there is an  
9 emergency situation as determined by a majority of  
10 the board."  
11 2. Number and renumber as is necessary.

H-6419 FILED  
APRIL 26, 1980  
ADOPTED (p. 2177)

BY DAVITT of Warren  
WELDEN of Hardin  
WEST of Marshall  
LLOYD-JONES of Johnson

SENATE FILE 2378

H-6417

1 Amend Senate File 2378 as amended, passed and  
2 reprinted as follows:  
3 1. Page 7, line 18, by striking the words "or  
4 operate".  
5 2. Page 8, by striking lines 3 through 6.  
6 3. Page 8, by striking line 15 and inserting in  
7 lieu thereof the words:  
8 "10. Provide an economically designed and  
9 reproduced annual report to the members of the general  
10 assembly who request it con-".  
11 4. Page 12, line 30, by inserting after the word  
12 "provisions" the words ", except section twenty-five  
13 A point eleven (25A.11) of the Code,"  
14 5. Page 12, line 31, by inserting after the period  
15 the words "Any awards to a claimant under chapter  
16 twenty-five A (25A) of the Code resulting from actions  
17 involving the board or a person acting in the board's  
18 behalf shall be payable solely from funds of the  
19 authority and funds received from the state shall  
20 not be used to pay such awards."  
21 6. Page 13, lines 8 and 9, by striking the word  
22 "chapter" and inserting in lieu thereof the word  
23 "Act".  
24 7. Page 13, by striking lines 12 through 15 and  
25 inserting in lieu thereof the following:  
26 "Sec. 19. The governor shall appoint all members  
27 of the governing board under section six (6) of this  
28 Act within eight weeks from the effective date of  
29 this Act."  
30 8. Page 14, by inserting after line 10 the  
31 following:  
32 "3. Upon the acquisition by the department of  
33 payment from the railway company in full liquidation  
34 of the delinquent taxes including payment by means  
35 of transfer of title to rights of way or other real  
36 estate, any tax lien existing prior to such acquisition  
37 on the property on which the taxes were delinquent  
38 shall be null and void and the department shall not  
39 pay any of those delinquent taxes to the county  
40 treasurer."  
41 9. Title page, line 3, by inserting after the  
42 word "bonds" the words "and providing for the  
43 collection of delinquent property taxes of railway  
44 companies by the department of transportation".

H-6417 FILED  
APRIL 26, 1980

BY WEST of Marshall  
WELDEN of Hardin  
DAVITT of Warren

ADOPTED *and amended by 6417 (p. 2) 4/27/80*

HOUSE AMENDMENT TO SENATE FILE 2378

S-5977

1 Amend Senate File 2378 as amended, passed and  
2 reprinted as follows:

3 1. Page 4, line 28, by striking the words "a  
4 majority of the" and inserting in lieu thereof the  
5 words "at least three".

6 2. Page 7, line 18, by striking the words "or  
7 operate".

8 3. Page 7, by inserting after line 23 the  
9 following:

10 "19. Temporarily operate a railway facility under  
11 this Act if sufficient need exists or there is an  
12 emergency situation as determined by a majority of  
13 the board."

14 4. Page 8, by striking lines 3 through 6.

15 5. Page 8, by striking line 15 and inserting in  
16 lieu thereof the words:

17 "10. Provide an economically designed and  
18 reproduced annual report to the members of the general  
19 assembly who request it con-".

20 6. Page 10, line 15, by inserting after the word  
21 "Act" the words ", and judgments based on contract  
22 or tort arising from the activities of the authority  
23 or persons acting on its behalf,".

24 7. Page 10, line 20, by inserting after the word  
25 "bonds" the words "or judgments, or for the  
26 idemnification of a person subject to a judgment  
27 arising from that person's actions on the authority's  
28 behalf".

29 8. Page 12, line 30, by inserting after the word  
30 "provisions" the words ", except section twenty-five  
31 A point eleven (25A.11) of the Code,"

32 9. Page 12, line 31, by inserting after the period  
33 the words "Any awards to a claimant under chapter  
34 twenty-five A. (25A) of the Code resulting from actions  
35 involving the board or a person acting in the board's  
36 behalf shall be payable solely from funds of the  
37 authority and funds received from the state shall  
38 not be used to pay such awards."

39 10. Page 13, lines 8 and 9, by striking the word  
40 "chapter" and inserting in lieu thereof the word  
41 "Act".

42 11. Page 13, by striking lines 12 through 15 and  
43 inserting in lieu thereof the following:

44 "Sec. 19. The governor shall appoint all members  
45 of the governing board under section six (6) of this  
46 Act within eight weeks from the effective date of  
47 this Act."

48 12. Page 14, by inserting after line 10 the  
49 following:

50 "3. Upon the acquisition by the department of

SENATE 16  
APRIL 28, 1980

S-5977  
PAGE 2

1 payment from the railway company in full liquidation  
2 of the delinquent taxes including payment by means  
3 of transfer of title to rights of way or other real  
4 estate, any tax lien existing prior to such acquisition  
5 on the property on which the taxes were delinquent  
6 shall be null and void and the department shall not  
7 pay any of those delinquent taxes to the county  
8 treasurer."

9 13. Title page, line 3, by inserting after the  
10 word "bonds" the words "and providing for the  
11 collection of delinquent property taxes of railway  
12 companies by the department of transportation".

S-5977 FILED  
APRIL 26, 1980

RECEIVED FROM THE HOUSE

*Senate - received 4/26 (S-5977)*

SENATE FILE 2378

AN ACT

CREATING THE IOWA RAILWAY FINANCE AUTHORITY TO AID IN THE CONSTRUCTION, RENOVATION AND REPAIR OF RAILWAY FACILITIES, PROVIDING FOR THE AUTHORITY TO ISSUE REVENUE BONDS AND PROVIDING FOR THE COLLECTION OF DELINQUENT PROPERTY TAXES OF RAILWAY COMPANIES BY THE DEPARTMENT OF TRANSPORTATION AND MAKING AN APPROPRIATION.

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

Section 1. NEW SECTION. SHORT TITLE. This Act may be referred to and cited as the "Iowa Railway Finance Authority Act".

Sec. 2. NEW SECTION. DECLARATION OF NECESSITY AND PURPOSE. The purpose of this Act is to benefit the citizens of Iowa by improving their general health, welfare and prosperity and insuring the economic and commercial development of the state. Access to adequate railway transportation facilities is essential to the economic welfare of the state. This Act is intended to preserve for the citizens of Iowa those railway facilities now in existence in the state which have a viable future but which for a variety of economic and legal reasons may well go out of service if the state does not provide the financing mechanism contained in this Act. It is the intent of the Act that ownership and control of railway facilities be transferred to private ownership as promptly as economically practicable. It is further intended that the authority created herein be vested with all powers to enable it to accomplish its purposes except the power to operate rolling stock except as incidental to the repair or renovation of a railway facility.

Sec. 3. NEW SECTION. LEGISLATIVE FINDINGS. The general assembly finds and declares as follows:

1. The establishment of the authority is in all respects for the benefit of the people of the state of Iowa, for the improvement of their health and welfare, and for the promotion of the economy, which are public purposes.

2. The authority will be performing an essential governmental function in the exercise of the powers and duties conferred upon it by this chapter.

3. There will exist a serious shortage of viable rail lines and railway facilities serving the rural and agricultural communities of the state.

4. There exists a serious problem in this state regarding the ability of agricultural producers to transport economically farm products to traditional markets because of the abandonment and possible abandonment of railway facilities within the state.

5. These conditions are making it more and more difficult for farmers and farm related businesses to survive in the present state of the economy thus threatening the very heart blood of Iowa.

6. One major cause of this condition has been recurrent shortages of funds in private channels and the high interest cost of borrowing.

7. These shortages have contributed to reductions in construction of new railway facilities, and have made the sale, purchase and repair of existing railway facilities a virtual impossibility in many parts of the state.

8. Iowa faces the possible consequences of two railroad bankruptcies and further reductions in service by other railroads due to deteriorating rail facilities. The loss of rail service on three thousand ninety miles may be the immediate consequence of the bankruptcies, with a resultant increase in transportation costs. This will be accompanied by a reduction in Iowa farm income. Any prolonged loss of service on the essential portions of these rail facilities means the loss of jobs in Iowa and a loss to the state economy.

9. A stable supply of adequate funds for financing of

railway facilities is required to encourage construction of railway facilities, the rehabilitation of existing facilities and to prevent the abandonment of others in an orderly and sustained manner and to reduce the problems described in this section.

10. It is necessary to create a railway finance authority to encourage the investment of private capital and stimulate the construction, rehabilitation and repair of railway facilities and to prevent the abandonment of others through the use of public financing.

11. All of the purposes stated in this section are public purposes and uses for which public moneys may be borrowed, expended, advanced, loaned or granted.

Sec. 4. NEW SECTION. DEFINITIONS. For purposes of this Act, unless the context otherwise requires:

1. "Authority" means the Iowa railway finance authority created by this Act.

2. "Railway facilities" means land, structures, fixtures, buildings and equipment, except rolling stock, necessary or useful in providing railroad transportation services, including, but not limited to, roadbeds, track, trestle, depot, switching and signaling equipment and all necessary, useful and related equipment and appurtenances and all franchises, easements and other interests in land and rights-of-way necessary or convenient as a site or sites for any of the foregoing.

3. "Project costs" as applied to railway facilities financed under the provisions of this Act means the total of all reasonable or necessary costs for or incidental to the acquisition, construction, reconstruction, repair, alteration, improvement or extension of any railway facilities including, but not limited to, the cost of studies and surveys, plans, specifications, architectural and engineering services, legal, organizational, marketing or other special services, financing, acquisition, demolition, construction, equipment and site development of new and rehabilitated buildings and facilities,

rehabilitation, reconstruction, repair or remodeling of existing buildings and facilities and all other necessary and incidental expenses including, but not limited to, an initial bond and interest reserve together with interest on bonds issued to finance the railway facilities to a date six months subsequent to the estimated date of completion.

4. "Department" means the Iowa department of transportation.

5. "Governing board" or "board" means the governing board of the authority created by section six (6) of this Act.

6. "Bonds" means negotiable bonds, notes or other obligations, except those obligations to the federal government, issued under this Act.

Sec. 5. NEW SECTION. IOWA RAILWAY FINANCE AUTHORITY. There is created an Iowa railway finance authority for the purpose of financing railway facilities as provided in this Act.

Sec. 6. NEW SECTION. GOVERNING BOARD--STAFF.

1. The powers of the authority shall be vested in and exercised by a governing board consisting of five members appointed by the governor subject to confirmation by the senate.

2. The members of the governing board shall be appointed by the governor for staggered terms of six years beginning and ending as provided in Senate File two thousand three hundred one (2301) as enacted by the Sixty-eighth General Assembly, 1980 Session, section three (3). A person appointed to fill a vacancy shall serve only for the unexpired portion of the term. A member is eligible for reappointment. A member of the board may be removed from office by the governor for misfeasance, malfeasance or willful neglect of duty or other just cause, after notice and hearing, unless the notice and hearing is expressly waived in writing. A member of the board shall not also serve concurrently as a member of the state transportation commission or as an official or employee of the department.

3. Three members of the board constitute a quorum and the affirmative vote of at least three members is necessary for any recommendation made by the board. The majority shall not include any member who has a conflict of interest and a statement by a member of a conflict of interest is conclusive for this purpose. A vacancy in the membership does not impair the right of a quorum to perform the functions and duties of the board.

4. Members of the board are entitled to receive forty dollars per diem for each day spent in performance of their functions and duties as members and reimbursement for all actual and necessary expenses incurred in the performance of their functions and duties as members.

5. Meetings of the board shall be held at the call of the chairperson or when two members so request.

6. Members shall elect a chairperson and vice chairperson annually, and other officers as they determine. However, the director of the department shall be the secretary of the board.

7. The members of the board shall give bond as required for public officers in chapter sixty-four (64) of the Code.

8. The members of the board shall be subject to and be officials within the meaning of chapter sixty-eight B (68B) of the Code.

9. The director and staff of the department shall serve as the staff of the authority. The director of the department shall advise the board on matters relating to railroad transportation and carry out all directives from the board, and may employ professional expertise when not available on the department staff.

10. The counsel of the transportation regulation board and the attorney general's office shall provide legal services for the authority and the board unless a majority of the board deems outside counsel is required in a particular instance.

Sec. 7. NEW SECTION. POWERS OF THE AUTHORITY. The authority shall have all powers necessary for the performance

of its purposes and duties, including but not limited to, the power to:

1. Have perpetual succession as a public authority.
2. Adopt rules for the regulation of its affairs and to carry out its duties and responsibilities.
3. Sue and be sued in its own name.
4. Exercise the power of eminent domain.
5. Acquire railway facilities, whether located within Iowa or a contiguous state, directly or through an agent, by purchase, lease, gift, devise or otherwise.
6. Determine the location and construction of any railway facility to be financed under the provisions of this Act and to construct, reconstruct, renovate, replace, maintain, repair and lease the same, and to enter into contracts for any of these purposes.
7. Enter into contracts with any person, federal or state government or subdivision of a state for the operation, management or use of a railway facility.
8. Designate an agent to determine the location and construction of a railway facility under the provisions of this Act and as agent of the authority, to construct, reconstruct, renovate, replace, maintain, repair, and lease the same and to enter into contracts for any of these purposes including contracts for the operation, management or use of the railway facility.
9. The authority may sell or convey any of the railway facilities upon terms and considerations acceptable to the governing board.
10. Issue bonds, notes or other obligations for any of its purposes and to refund the same, all as provided for in this Act. However, total outstanding principal amount of bonds shall not exceed one hundred million dollars at any one time.
11. Invest or deposit moneys of the authority, subject to any agreement with bondholders or noteholders, in any manner determined by the authority, notwithstanding the

provisions of chapter four hundred fifty-two (452), four hundred fifty-three (453) or four hundred fifty-four (454) of the Code.

12. Fix and revise and charge and collect rates, rents, fees and charges for the use of any railway facility or any portion of a facility and to contract with any person, firm or corporation or other public or private body in respect to a facility.

13. Mortgage all or any portion of its railway facilities and the sites, whether then owned or thereafter acquired, to finance the railway facility or any portion of the facility.

14. Extend loans for the purpose of financing project costs of a railway facility.

15. Extend loans to refund bonds, obligations to the federal government, mortgages or advances issued, made or given for the cost of a railway facility including the issuing of bonds and making loans to refinance indebtedness incurred for railway facilities undertaken and completed prior to or after the enactment of this Act when the governing board finds that this financing is in the public interest.

16. Have and alter a corporate seal.

17. Receive and accept from any public agency loans or grants for or in aid of project costs and to receive and accept grants, gifts and other contributions from any source.

18. Own a railway facility under this Act if necessary to preserve part of a railway system, upon the determination, after consultation with the department, that the railway facility is necessary to the system, and then shall be relinquished to private ownership or operation as soon as economically practicable.

19. Temporarily operate a railway facility under this Act if sufficient need exists or there is an emergency situation as determined by a majority of the board.

Sec. 8. NEW SECTION. DUTIES OF GOVERNING BOARD. The specific duties of the governing board shall be to:

1. Keep accurate records of all its proceedings and make them available to the public.

2. Exercise its powers and duties consistent with the policies and plans of the state transportation commission submitted by it to the general assembly as required under section three hundred seven point ten (307.10), subsection one (1) of the Code.

3. Issue a public declaration before the issuance of bonds as to the need for and use of the proceeds from the issuance of bonds.

4. Provide a prospectus in connection with the offering for sale of bonds.

5. Establish a maximum interest rate which the bonds of an issue may bear.

6. Establish one or more bond reserve funds.

7. When issuing bonds, issue bonds the interest of which will be tax exempt for federal income tax purposes, whenever possible.

8. Contract for services through the department when practicable.

9. Provide an economically designed and reproduced annual report to the members of the general assembly who request it containing information as directed by the legislative council.

Sec. 9. NEW SECTION. BONDS. All bonds issued by the authority shall be payable solely out of the revenues and receipts derived from the lease or sale by the authority of its railway facilities or as may be designated in the proceedings of the governing board under which the bonds shall be authorized to be issued by the governing board, or derived from any loan agreement between the authority and the borrower with respect to railway facilities or any other funds of the authority which the board may designate except that no tax funds which the authority may receive from the state or any political subdivision shall be used for payment of the bonds. The proceedings of the governing board authorizing the issuance

of the bonds shall provide for the manner of execution, delivery, form, terms, investment and disbursement of the proceeds, and security for the payment of the bonds. Before any bonds of the authority may be offered for sale, the authority shall issue a prospectus in connection with the offering. The bonds shall be either registered, registered as to principal only or in coupon form, be payable as to principal at times over a period not to exceed thirty-five years. Any bonds of the authority may be sold at public or private sale at the price, in the manner and at the time as may be determined by the governing board. The proceedings under which bonds may be issued shall recognize and protect any prior pledge or mortgage made for any prior issue of bonds as they shall relate to the same facility. Chapter seventy-five (75) and sections twenty-three point twelve (23.12) through twenty-three point sixteen (23.16) of the Code do not apply to bonds issued under this Act. All bonds and interest coupons issued under this Act are negotiable instruments.

Sec. 10. NEW SECTION. REFUNDING OF BONDS. Any bonds of the authority at any time outstanding may be refunded with the consent of the bondholders or as provided in call provisions of the original issue by the authority by the issuance of its refunding bonds in an amount as it deems necessary but not exceeding an amount sufficient to refund the principal of the bonds to be refunded, together with any unpaid interest premiums, commissions, service fees and other expenses necessary to be paid. Any refunding may be effected whether the bonds to be refunded have matured or shall mature, either by sale of the refunding bonds and the application of the proceeds for the payment of the bonds to be refunded, or by the exchange of the refunding bonds for the bonds to be refunded with the consent of the holders of the bonds to be refunded. Refunding may be made without regard to whether or not the bonds to be refunded were issued in connection with the same railway facility or separate railway facilities

or for any other purpose, and without regard to whether or not the bonds proposed to be refunded shall be payable on the same date or different dates or due serially or otherwise.

Sec. 11. NEW SECTION. SECURITY FOR BONDS. The principal of and interest on any bonds issued by the authority shall be secured by a pledge of revenues, rentals and receipts out of which the same shall be made payable and may be secured by any federal funds, a trust indenture, mortgage or deed of trust including assignment of leases or other contract rights of the authority, contract rights of the authority or any person, firm, corporation or other business entity acquiring, leasing or operating a railway facility under this Act with third parties which may cover all or any part of the railway facilities for which the revenues, rentals or receipts pledged may be derived, including, but not limited to, any enlargements of or additions to any facilities.

Each such pledge shall continue effective until the principal and interest on the bonds shall have been fully paid or provision for the payment duly made.

Sec. 12. NEW SECTION. PAYMENT OF BONDS--NONLIABILITY OF STATE. Bonds issued under the provisions of this Act, and judgments based on contract or tort arising from the activities of the authority or persons acting on its behalf, shall not constitute a debt or liability of the state or of any political subdivision within the meaning of any constitutional or statutory debt limitation and no appropriation shall be made, directly or indirectly, by the state or any political subdivision for the payment of the bonds or judgments, or for the indemnification of a person subject to a judgment arising from that person's actions on the authority's behalf, but are special obligations of the authority payable solely and only from the sources provided in this Act.

Sec. 13. NEW SECTION. REMEDIES OF BONDHOLDERS AND NOTEHOLDERS.

1. If the authority defaults in the payment of principal or interest on an issue of bonds or notes after they become due, whether at maturity or upon call for redemption, and the default continues for a period of thirty days, or if the authority fails or refuses to comply with the provisions of this Act, or defaults in an agreement made with the holders of an issue of bonds or notes, the holders of twenty-five percent in aggregate principal amount of bonds or notes of the issue then outstanding, by instrument filed in the office of the clerk of the county in which the principal office of the authority is located, and proved or acknowledged in the same manner as a deed to be recorded, may appoint a trustee to represent the holders of the bonds or notes for the purposes provided in this section.

2. The authority or any trustee appointed under the indenture under which the bonds are issued may, and upon written request of the holders of twenty-five percent in aggregate principal amount of the issue of bonds or notes then outstanding shall:

- a. Enforce all rights of the bondholders or noteholders, including the right to require the authority to carry out its agreements with the holders and to perform its duties under this Act.
- b. Bring suit upon the bonds or notes.
- c. By action require the authority to account as if it were the trustee of an express trust for the holders.
- d. By action enjoin any acts or things which are unlawful or in violation of the rights of the holders.
- e. Declare all the bonds or notes due and payable and if all defaults are made good then with the consent of the holders of twenty-five percent of the aggregate principal amount of the issue of bonds or notes then outstanding, annul the declaration and its consequences.

3. The trustee shall also have and possess all powers necessary or appropriate for the exercise of functions specifically set forth or incident to the general

representation of bondholders or noteholders in the enforcement and protection of their rights.

4. Before declaring the principal of bonds or notes due and payable, the trustee shall first give thirty days' notice in writing to the governor, to the authority and to the attorney general of the state.

5. The district court has jurisdiction of any action by the trustee on behalf of bondholders or noteholders. The venue of the action shall be in the county in which the principal office of the authority is located.

Sec. 14. NEW SECTION. AUTHORITY AS PUBLIC INSTRUMENTALITY. The authority is performing a public function on behalf of the state and is a public instrumentality of the state. Income of the authority and all properties owned or leased by the authority shall be exempt from all taxation in the state of Iowa. This Act shall not be construed as exempting from taxation properties comprising railway facilities financed under any of the provisions of this Act which are owned by persons or entities other than the authority except those leased by the authority.

Sec. 15. NEW SECTION. POWERS NOT RESTRICTED--LAW COMPLETE IN ITSELF. This Act shall not be construed as a restriction or limitation upon any powers which the authority might otherwise have under any laws of this state, but shall be construed as cumulative of any such powers. No proceedings, referendum, notice or approval shall be required for the creation of the authority or the issuance of any bonds or any instrument as security except as herein provided, any other law to the contrary notwithstanding; provided, that nothing herein shall be construed to deprive the state and its governmental subdivisions of their respective police powers over properties of the authority or to impair any power thereover of any official or agency of the state and its governmental subdivisions which may be otherwise provided by law.

Sec. 16. NEW SECTION. LIMITATION OF LIABILITY. The members of the board and persons acting in the board's behalf, while acting within the scope of their employment or agency, shall be employees of the state within the meaning of chapter twenty-five A (25A) of the Code and the provisions, except section twenty-five A point eleven (25A.11) of the Code, of that chapter shall apply to such members and persons. Any awards to a claimant under chapter twenty-five A (25A) of the Code resulting from actions involving the board or a person acting in the board's behalf shall be payable solely from funds of the authority and funds received from the state shall not be used to pay such awards.

Sec. 17. NEW SECTION. EXEMPTION FROM CONSTRUCTION AND BIDDING REQUIREMENTS FOR PUBLIC BUILDINGS. A railway facility is not subject to any requirements relating to public buildings, structures, grounds, works or improvements imposed by any other law, except as determined by the governing board, or any other similar requirements which may be lawfully waived by this section and any requirement of competitive bidding or other restriction imposed on the procedure for awarding contracts for such purpose or the lease, sale, or other disposition of property of the authority is not applicable to any action taken under the provisions of this Act.

Sec. 18. NEW SECTION. LIBERAL INTERPRETATION. This Act, being necessary for the welfare of this state and its inhabitants, shall be liberally construed to effect its purposes.

Sec. 19. The governor shall appoint all members of the governing board under section six (6) of this Act within eight weeks from the effective date of this Act.

Sec. 20. Of the first appointments to the governing body under section six (6) of this Act, two members shall be appointed for terms ending in 1982, two members shall be appointed for terms ending in 1984 and one member shall be appointed for a term ending in 1986. The terms of the first appointments shall end at 12:00 o'clock midnight on April thirtieth of the year of expiration.

Sec. 21. Chapter three hundred seven (307), Code 1979, is amended by adding the following new section:

NEW SECTION. COLLECTION OF DELINQUENT RAILWAY TAXES--  
COMPROMISE.

1. Sixty days after the tax obligations of a railway company which are owed to a political subdivision of this state become delinquent as provided in section four hundred forty-five point thirty-seven (445.37) of the Code and remain unpaid, the state department of transportation shall become responsible for collection of the delinquent taxes. The county treasurer of each affected county shall transmit the unpaid tax statement of the railway company to the state department of transportation.

2. The transportation regulation board shall consolidate and collect all delinquent tax obligations of a railway company received from the counties. The transportation regulation board may compromise the delinquent taxes against the railway company property and by written agreement with the railway company agree to the payment of a stipulated sum in full liquidation of all delinquent taxes included in the agreement and may accept title to any right-of-way or other real estate in this state owned by the railway company in payment for the delinquent taxes.

3. Upon the acquisition by the department of payment from the railway company in full liquidation of the delinquent taxes including payment by means of transfer of title to rights of way or other real estate, any tax lien existing prior to such acquisition on the property on which the taxes were delinquent shall be null and void and the department shall not pay any of those delinquent taxes to the county treasurer.

Sec. 22. There is appropriated from the general fund of the state for the use of the Iowa railway finance authority the sum of two hundred seventy-five thousand (275,000) dollars, or so much thereof as is necessary, to be used for salaries, support, maintenance and miscellaneous purposes and to

establish and maintain the Iowa railway finance authority and its staff, to promulgate rules under chapter seventeen A (17A) of the Code and for planning purposes. Section eight point thirty-three (8.33) of the Code shall not apply to the funds appropriated by this section. The funds appropriated by this section which are unencumbered and unobligated on July 1, 1982 shall be transferred to the railroad assistance fund and be available for the purposes provided in chapter three hundred twenty-seven H (327H) of the Code.

Sec. 23. This Act, being deemed of immediate importance takes effect from and after its publication in the Audubon News-Advocate, a newspaper published in Audubon, Iowa, and in the Muscatine Journal, a newspaper published in Muscatine, Iowa.

---

TERRY E. BRANSTAD  
President of the Senate

---

WILLIAM H. HARBOR  
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2378, Sixty-eighth General Assembly.

---

FRANK J. STORK  
Secretary of the Senate

Approved 5/20, 1980

---

ROBERT D. RAY  
Governor