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MAR 16 1983

SENATE FILE 440

BY COMMITTEE ON JUDICIARY
Approved 3/16 (p. 783)
(FORMERLY SSB 258)

Passed Senate, Date 3-17-83 (p. 783) Passed House, Date _____
Vote: Ayes 207 Nays 2 Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the compromising and settling of certain
2 property tax claims in Iowa against the Chicago, Milwaukee,
3 St. Paul and Pacific Railroad Company and the Chicago,
4 Rock Island and Pacific Railroad Company.

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S.F. 440

1 WHEREAS, the Chicago, Milwaukee, St. Paul and Pacific
2 railroad company and the Chicago, Rock Island and Pacific
3 railroad company have been under the jurisdiction of the
4 United States district court for the northern district of
5 Illinois, eastern division, in bankruptcy proceedings and
6 have not, pursuant to order of that court, paid the majority
7 of personal and real property taxes and special assessments
8 since they came under the protection of the federal court;
9 and

10 WHEREAS, the trustees of the Chicago, Milwaukee, St. Paul
11 and Pacific railroad company and the Chicago, Rock Island
12 and Pacific railroad company have now offered to pay these
13 property taxes and special assessments, past due, in the
14 amount of ninety percent of all taxes and special assess-
15 ments agreed to be due and owing if any claimed interest and
16 penalties thereon are waived; and

17 WHEREAS, the transportation regulation authority has been
18 granted the authority to compromise these taxes under section
19 307.29 and the counties that have real and personal property
20 of these railroads in their counties and those that are owed
21 special assessments have requested that the trustees' offer
22 be accepted; and

23 WHEREAS, since doubts have arisen as to the legal authority
24 of the Iowa counties to compromise these taxes and special
25 assessments, this compromise and settlement should now be
26 legalized and this matter put to rest; NOW THEREFORE,

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

28 Section 1. Any affected Iowa county may enter into an
29 agreement under chapter 28E with the transportation regu-
30 lation authority to compromise and settle past due Iowa real
31 and personal property taxes due through the first half payment
32 for the fiscal year 1982-1983 from the Chicago, Milwaukee,
33 St. Paul and Pacific railroad company and the Chicago, Rock
34 Island and Pacific railroad company and their trustees in
35 bankruptcy for ninety percent of the agreed amounts due and

1 to waive any claimed interest and penalties. Any affected
2 county may enter into and join in an agreement to compromise
3 and settle past due special assessments owed by these railroad
4 companies for ninety percent of the agreed amounts due and
5 to waive any interest and penalties. In addition, each county
6 may agree to the amount of taxes and special assessments due
7 and provide for the procedures to consummate these settlements
8 on their behalf and on behalf of all local taxing districts
9 in the county. All actions and agreements of Iowa counties
10 in respect to these matters are legalized.

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EXPLANATION

12 The Chicago, Milwaukee, St. Paul and Pacific railroad com-
13 pany and the Chicago, Rock Island and Pacific railroad company
14 have been in bankruptcy proceedings in Chicago, Illinois for
15 the past five years. While they have been in this bankruptcy
16 proceeding, they have not paid their real and personal property
17 taxes and special assessments when due under Iowa law. The
18 trustees of both railroads have now offered to pay these past
19 due taxes at the rate of ninety percent of the agreed amount
20 due if all claimed interest and penalties are waived. There
21 is approximately \$5,000,000 due from the Chicago, Rock Island
22 and Pacific railroad company and approximately \$2,300,000
23 due from the Chicago, Milwaukee, St. Paul and Pacific railroad
24 company. The Iowa railway finance authority claims that this
25 tax money should be paid to it under section 307.29. The
26 counties have disputed this claim and filed suit in federal
27 court in Chicago claiming that these taxes are still due the
28 counties on behalf of themselves and their local taxing
29 districts. This question in the Chicago, Milwaukee, St. Paul
30 and Pacific railroad company bankruptcy has now been certified
31 by the federal court in Chicago to the Iowa supreme court
32 for its determination. All of the affected Iowa counties
33 and the transportation regulation authority agree that it
34 would be in the best interests of all parties to accept this
35 offer and place this money in escrow pending the resolution

1 of the proper entity to receive this money. This Act would
2 legalize and validate this proceeding leaving the ultimate
3 question of who is entitled to these tax revenues to the
4 decision of the proper court.

5 This bill takes effect July 1 following its enactment.

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S-3241

1 Amend Senate File 440 as follows:

2 1. Page 1, by striking lines 17 through 22.

3 2. Page 2, by inserting after line 10 the
4 following:

5 "Sec. 2. Any Iowa counties which claim an interest
6 in these personal and real estate taxes may join
7 together and appoint a common agent or nominee to
8 act upon their behalf in accomplishing the purposes
9 of this Act. The actions of this agent or nominee
10 shall be final and binding upon those counties and
11 the local taxing districts within those counties that
12 so join together. A cause of action shall not accrue
13 to any person by reason of the compromise and
14 settlement agreements authorized in this Act. State
15 and county officials, employees, attorneys, agents,
16 and nominees are immune from liability by reason of
17 their participation in these compromise and settlement
18 agreements.

19 Sec. 3. This Act does not affect any of the legal
20 rights, entitlements, or interests of the state of
21 Iowa, the transportation regulation authority of the
22 state department of transportation on behalf of the
23 Iowa railway finance authority, any county, and any
24 affected local taxing district within any county to
25 the proceeds of these settlements and any interest
26 earned on the money received pending the resolution
27 in the courts of what governmental entity shall receive
28 these moneys. Any moneys received for special assess-
29 ments within the counties shall be paid to the county
30 entitled to the same for a pro rata distribution to
31 the taxing district or authority entitled to the same
32 by that county.

33 Sec. 4. This Act applies only to the tax offer
34 of the Chicago, Rock Island and Pacific Railroad
35 Company approved by the United States district court
36 on November 17, 1982 and to the deferred tax program
37 of the Chicago, Milwaukee, St. Paul and Pacific
38 Railroad Company approved by the United States district
39 court on February 7, 1983.

40 Sec. 5. This Act, being deemed of immediate
41 importance, takes effect from and after its publication
42 in the Muscatine Journal, a newspaper published in
43 Muscatine, Iowa, and in The New Iowa Bystander, a newspaper
44 published in West Des Moines, Iowa."

45 3. Amend the title, line 4, by inserting after
46 the word "Company" the words "as approved by the
47 United States district court for the northern district
48 of Illinois, eastern division".

S-3241 FILED
MARCH 16, 1983

BY TOM MANN, JR.
RICHARD DRAKE

Adopted 3/16/83 (p. 772)

(AS AMENDED AND PASSED BY THE SENATE MARCH 17, 1983)

Passed Senate, Date 9-17-83 (p. 793) Passed House, Date 3-18-83 (p. 771)Vote: Ayes 45 Nays 0 Vote: Ayes 89 Nays 8Approved March 29, 1983 (p. 1014)**A BILL FOR**

1 An Act relating to the compromising and settling of certain
 2 property tax claims in Iowa against the Chicago, Milwaukee,
 3 St. Paul and Pacific Railroad Company and the Chicago,
 4 Rock Island and Pacific Railroad Company as approved by the
 5 United States district court for the northern district of
 6 Illinois, eastern division.

SENATE FILE 440

H-3282

1 Amend Senate File 440, as amended, passed, and
 2 reprinted by the Senate, as follows:
 3 1. Page 2, by inserting after line 34 the following
 4 section:
 5 "Sec. ____ Section 307.29, Code 1983, is amended
 6 by adding the following new subsection:
 7 NEW SUBSECTION. Notwithstanding the requirement
 8 in subsection 3 to credit to the special railroad
 9 facility fund established in section 307B.23 moneys
 10 received as payment for delinquent property taxes
 11 or received from the disposal of real estate
 12 transferred as payment for delinquent property taxes,
 13 the state department of transportation shall pay to
 14 the appropriate county treasurer to be distributed
 15 by the treasurer to the appropriate taxing districts
 16 that portion of the funds paid or property trans-
 17 ferred to it by a railway company in liquidation of
 18 the railway company's delinquent taxes if these taxes
 19 became delinquent in a fiscal year beginning before
 20 July 1, 1983 and a taxing district had included these
 21 taxes in its budget for the fiscal year for which
 22 the delinquent taxes were levied."
 23 2. Renumber sections and correct internal
 24 references as are necessary in accordance with this
 25 amendment.

H-3282 FILED MARCH 17, 1983

BY HALVORSON of Clayton

H/D 3/15/83 (p. 771)

1 WHEREAS, the Chicago, Milwaukee, St. Paul and Pacific
2 railroad company and the Chicago, Rock Island and Pacific
3 railroad company have been under the jurisdiction of the
4 United States district court for the northern district of
5 Illinois, eastern division, in bankruptcy proceedings and
6 have not, pursuant to order of that court, paid the majority
7 of personal and real property taxes and special assessments
8 since they came under the protection of the federal court;
9 and

10 WHEREAS, the trustees of the Chicago, Milwaukee, St. Paul
11 and Pacific railroad company and the Chicago, Rock Island
12 and Pacific railroad company have now offered to pay these
13 property taxes and special assessments, past due, in the
14 amount of ninety percent of all taxes and special assess-
15 ments agreed to be due and owing if any claimed interest and
16 penalties thereon are waived; and

* 17 WHEREAS, since doubts have arisen as to the legal authority
18 of the Iowa counties to compromise these taxes and special
19 assessments, this compromise and settlement should now be
20 legalized and this matter put to rest; NOW THEREFORE,

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

22 Section 1. Any affected Iowa county may enter into an
23 agreement under chapter 28E with the transportation regu-
24 lation authority to compromise and settle past due Iowa real
25 and personal property taxes due through the first half payment
26 for the fiscal year 1982-1983 from the Chicago, Milwaukee,
27 St. Paul and Pacific railroad company and the Chicago, Rock
28 Island and Pacific railroad company and their trustees in
29 bankruptcy for ninety percent of the agreed amounts due and
30 to waive any claimed interest and penalties. Any affected
31 county may enter into and join in an agreement to compromise
32 and settle past due special assessments owed by these railroad
33 companies for ninety percent of the agreed amounts due and
34 to waive any interest and penalties. In addition, each county
35 may agree to the amount of taxes and special assessments due

1 and provide for the procedures to consummate these settlements
2 on their behalf and on behalf of all local taxing districts
3 in the county. All actions and agreements of Iowa counties
4 in respect to these matters are legalized.

5 Sec. 2. Any Iowa counties which claim an interest in these
6 personal and real estate taxes may join together and appoint
7 a common agent or nominee to act upon their behalf in
8 accomplishing the purposes of this Act. The actions of this
9 agent or nominee shall be final and binding upon those counties
10 and the local taxing districts within those counties that
11 so join together. A cause of action shall not accrue to any
12 person by reason of the compromise and settlement agreements
13 authorized in this Act. State and county officials, employees,
14 attorneys, agents, and nominees are immune from liability
15 by reason of their participation in these compromise and
16 settlement agreements.

17 Sec. 3. This Act does not affect any of the legal rights,
18 entitlements, or interests of the state of Iowa, the
19 transportation regulation authority of the state department
20 of transportation on behalf of the Iowa railway finance
21 authority, any county, and any affected local taxing district
22 within any county to the proceeds of these settlements and
23 any interest earned on the money received pending the
24 resolution in the courts of what governmental entity shall
25 receive these moneys. Any moneys received for special assess-
26 ments within the counties shall be paid to the county entitled
27 to the same for a pro rata distribution to the taxing district
28 or authority entitled to the same by that county.

29 Sec. 4. This Act applies only to the tax offer of the
30 Chicago, Rock Island and Pacific Railroad Company approved
31 by the United States district court on November 17, 1982 and
32 to the deferred tax program of the Chicago, Milwaukee, St.
33 Paul and Pacific Railroad Company approved by the United
34 States district court on February 7, 1983.

35 Sec. 5. This Act, being deemed of immediate importance,

1 takes effect from and after its publication in the Muscatine
2 Journal, a newspaper published in Muscatine, Iowa, and in
3 The New Iowa Bystander, a newspaper published in West Des
4 Moines, Iowa.

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SENATE FILE 440

AN ACT

RELATING TO THE COMPROMISING AND SETTLING OF CERTAIN PROPERTY TAX CLAIMS IN IOWA AGAINST THE CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY AND THE CHICAGO, ROCK ISLAND AND PACIFIC RAILROAD COMPANY AS APPROVED BY THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF ILLINOIS, EASTERN DIVISION.

WHEREAS, the Chicago, Milwaukee, St. Paul and Pacific railroad company and the Chicago, Rock Island and Pacific railroad company have been under the jurisdiction of the United States district court for the northern district of Illinois, eastern division, in bankruptcy proceedings and have not, pursuant to order of that court, paid the majority of personal and real property taxes and special assessments since they came under the protection of the federal court; and

WHEREAS, the trustees of the Chicago, Milwaukee, St. Paul and Pacific railroad company and the Chicago, Rock Island and Pacific railroad company have now offered to pay these property taxes and special assessments, past due, in the amount of ninety percent of all taxes and special assessments agreed to be due and owing if any claimed interest and penalties thereon are waived; and

WHEREAS, since doubts have arisen as to the legal authority of the Iowa counties to compromise these taxes and special assessments, this compromise and settlement should now be legalized and this matter put to rest; NOW THEREFORE,

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

Section 1. Any affected Iowa county may enter into an agreement under chapter 28E with the transportation regulation authority to compromise and settle past due Iowa real and personal property taxes due through the first half payment for the fiscal year 1982-1983 from the Chicago, Milwaukee,

St. Paul and Pacific railroad company and the Chicago, Rock Island and Pacific railroad company and their trustees in bankruptcy for ninety percent of the agreed amounts due and to waive any claimed interest and penalties. Any affected county may enter into and join in an agreement to compromise and settle past due special assessments owed by these railroad companies for ninety percent of the agreed amounts due and to waive any interest and penalties. In addition, each county may agree to the amount of taxes and special assessments due and provide for the procedures to consummate these settlements on their behalf and on behalf of all local taxing districts in the county. All actions and agreements of Iowa counties in respect to these matters are legalized.

Sec. 2. Any Iowa counties which claim an interest in these personal and real estate taxes may join together and appoint a common agent or nominee to act upon their behalf in accomplishing the purposes of this Act. The actions of this agent or nominee shall be final and binding upon those counties and the local taxing districts within those counties that so join together. A cause of action shall not accrue to any person by reason of the compromise and settlement agreements authorized in this Act. State and county officials, employees, attorneys, agents, and nominees are immune from liability by reason of their participation in these compromise and settlement agreements.

Sec. 3. This Act does not affect any of the legal rights, entitlements, or interests of the state of Iowa, the transportation regulation authority of the state department of transportation or behalf of the Iowa railway finance authority, any county, and any affected local taxing district within any county to the proceeds of these settlements and any interest earned on the money received pending the resolution in the courts of what governmental entity shall receive these moneys. Any moneys received for special assessments within the counties shall be paid to the county entitled to the same for a pro rata distribution to the taxing district or authority entitled to the same by that county.

Sec. 4. This Act applies only to the tax offer of the Chicago, Rock Island and Pacific Railroad Company approved by the United States district court on November 17, 1982 and to the deferred tax program of the Chicago, Milwaukee, St. Paul and Pacific Railroad Company approved by the United States district court on February 7, 1983.

Sec. 5. This Act, being deemed of immediate importance, takes effect from and after its publication in the Muscatine Journal, a newspaper published in Muscatine, Iowa, and in The New Iowa Bystander, a newspaper published in West Des Moines, Iowa.

ROBERT T. ANDERSON
President of the Senate

DONALD D. AVENSON
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 440, Seventieth General Assembly.

K. MARIE THAYER
Secretary of the Senate

Approved March 29, 1983

TERRY E. BRANSTAD
Governor