

Reprinted

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SENATE FILE 260
BY COMMITTEE ON LOCAL
GOVERNMENT

(SUCCESSOR TO SF 50)

Passed Senate, Date 3/27/91 (p. 933) Passed House, Date 2/13/92 (p. 220)
Vote: Ayes 40 Nays 8 Vote: Ayes 94 Nays 0

Approved April 27, 1992

motion to reconsider 3/27 (933)

motion adopted 4/8 3/28 (936)

Repassed Senate 4/8/91 (p. 1115)
aye 47, Nay 1

A BILL FOR

1 An Act relating to the right of cities and counties to enter into
3:352 lease, lease-purchase, or loan agreements, and by requiring an
3:203 election under certain conditions for real and personal
4 property and providing an applicability date.

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

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SF 260

*3130 strike language
3130 strike language*

1 Section 1. Section 331.301, subsection 10, Code 1991, is
2 amended by striking the subsection and inserting in lieu
3 thereof the following:

4 10. A county may enter into leases or lease-purchase
5 contracts for real and personal property in accordance with
6 the following terms and procedures:

7 a. A county shall lease or lease-purchase real or personal
8 property only for a term which does not exceed the economic
9 life of the property, as determined by the board.

10 b. A lease or lease-purchase contract entered into by a
11 county may contain provisions similar to those sometimes found
12 in leases between private parties, including, but not limited
13 to, the obligation of the lessee to pay any of the costs of
14 operation or ownership of the leased property and the right to
15 purchase the leased property.

16 c. A provision of a lease or lease-purchase contract which
17 stipulates that a portion of the rent payments be applied as
18 interest is subject to chapter 74A. Other laws relating to
19 interest rates do not apply. Chapter 75 is not applicable. A
20 county enterprise is a separate entity under this subsection,
21 whether it is governed by the board or another governing body.

22 d. The board must follow substantially the same
23 authorization procedure required for the issuance of general
24 obligation bonds issued for the same purpose to authorize a
25 lease or a lease-purchase contract made payable from the debt
26 service fund.

27 e. The board may authorize a lease or lease-purchase
28 contract which is payable from the general fund and which
29 would not cause the total of annual lease and lease-purchase
30 payments of the county due from the general fund of the county
31 in any future year for lease or lease-purchase contracts in
32 force on the date of the authorization, excluding payments to
33 exercise purchase options or to pay the expenses of operation
34 or ownership of the property, to exceed ten percent of the
35 last certified general fund budget amount in accordance with

1 the following procedures:

31252 (1) The board must follow substantially the authorization
3 procedures of section 331.443 to authorize a lease or lease-
4 purchase contract for real property which is payable from the
5 general fund if the principal amount of the lease or lease-
6 purchase contract does not exceed the following limits:

7 (a) Two hundred thousand dollars in a county having a
8 population of twenty-five thousand or less.

9 (b) Two hundred fifty thousand dollars in a county having
10 a population of more than twenty-five thousand but not more
11 than fifty thousand.

12 (c) Three hundred thousand dollars in a county having a
13 population of more than fifty thousand but not more than one
14 hundred thousand.

15 (d) Four hundred thousand dollars in a county having a
16 population of more than one hundred thousand but not more than
17 two hundred thousand.

18 (e) Five hundred thousand dollars in a county having a
19 population of more than two hundred thousand.

20 (2) The board must follow the following procedures to
21 authorize a lease or lease-purchase contract for real property
22 which is payable from the general fund if the principal amount
23 of the lease or lease-purchase contract exceeds the limits set
24 forth in subparagraph (1):

25 (a) The board must institute proceedings for entering into
26 a lease or lease-purchase contract payable from the general
27 fund by causing a notice of the proposal to enter into the
28 lease or lease-purchase contract, including a statement of the
29 principal amount and purpose of the lease or lease-purchase
30 and the right to petition for an election, to be published as
31 provided in section 331.305 at least ten days prior to the
32 meeting at which it is proposed to take action to enter into
33 the lease or lease-purchase contract.

34 (b) If at any time before the date fixed for taking action
35 to enter into the lease or lease-purchase contract, a petition

1 is filed with the auditor in the manner provided by section
2 331.306, asking that the question of entering into the lease
3 or lease-purchase contract be submitted to the qualified
4 electors of the county, the board shall either by resolution
5 declare the proposal to enter into the lease or lease-purchase
6 contract to have been abandoned or shall direct the county
7 commissioner of elections to call a special election upon the
8 question of entering into the lease or lease-purchase
9 contract. However, for purposes of this subparagraph, the
10 petition shall not require signatures in excess of one
11 thousand persons. Notice of the election and its conduct
12 shall be in the manner provided in section 331.442,
13 subsections 2 through 4.

14 (c) If a petition is not filed or if a petition is filed
15 and the proposition of entering into a lease or lease-purchase
16 contract is approved at the election, the board may proceed
17 and enter into the lease or lease-purchase contract.

18 (d) The governing body may authorize a lease or lease-
19 purchase contract payable from the net revenues of a county
20 enterprise or combined county enterprise by following the
21 authorization procedures of section 331.464.

22 (e) A lease or lease-purchase contract to which a county
23 is a party or in which a county has a participatory interest
24 is an obligation of a political subdivision of this state for
25 the purposes of chapters 502 and 682, and is a lawful
26 investment for banks, trust companies, building and loan
27 associations, savings and loan associations, investment
28 companies, insurance companies, insurance associations,
29 executors, guardians, trustees, and any other fiduciaries
30 responsible for the investment of funds.

31 (f) Property that is lease-purchased by a county is exempt
32 under section 427.1, subsection 2.

33 (g) A contract for construction by a private party of
34 property to be leased or lease-purchased by a county is not a
35 contract for a public improvement under section 331.341,

1 subsection 1. However, if a lease-purchase contract is funded
2 in advance by means of the lessor depositing moneys to be
3 administered by a county, with the county's obligation to make
4 rent payments commencing with its receipt of moneys, a
5 contract for construction of the property in question awarded
6 by the county is a public improvement and is subject to
7 section 331.341, subsection 1.

8 Sec. 2. Section 331.402, subsection 3, Code 1991, is
9 amended by striking the subsection and inserting in lieu
10 thereof the following:

11 3. A county may enter into loan agreements to borrow money
12 for any public purpose in accordance with the following terms
13 and procedures:

14 a. A loan agreement entered into by a county may contain
15 provisions similar to those sometimes found in loan agreements
16 between private parties, including, but not limited to, the
17 issuance of notes to evidence its obligations.

18 b. A provision of a loan agreement which stipulates that a
19 portion of the payments be applied as interest is subject to
20 chapter 74A. Other laws relating to interest rates do not
21 apply. Chapter 75 is not applicable. A county enterprise is
22 a separate entity under this subsection, whether it is
23 governed by the board or another governing body.

24 c. The board shall follow substantially the same
25 authorization procedure required for the issuance of general
26 obligation bonds issued for the same purpose to authorize a
27 loan agreement made payable from the debt service fund.

28 d. The board may authorize a loan agreement which is
29 payable from the general fund and which would not cause the
30 total of scheduled annual payments of principal or interest or
31 both principal and interest of the county due from the general
32 fund of the county in any future year with respect to all loan
33 agreements in force on the date of the authorization to exceed
34 ten percent of the last certified general fund budget amount.
35 in accordance with the following procedures:

31-1 (1) The board must follow substantially the authorization
2 procedures of section 331.443 to authorize a loan agreement
3 for real property which is payable from the general fund if
4 the principal amount of the loan agreement does not exceed the
5 following limits:

6 (a) Two hundred thousand dollars in a county having a
7 population of twenty-five thousand or less.

8 (b) Two hundred fifty thousand dollars in a county having
9 a population of more than twenty-five thousand but not more
10 than fifty thousand.

11 (c) Three hundred thousand dollars in a county having a
12 population of more than fifty thousand but not more than one
13 hundred thousand.

14 (d) Four hundred thousand dollars in a county having a
15 population of more than one hundred thousand but not more than
16 two hundred thousand.

17 (e) Five hundred thousand dollars in a county having a
18 population of more than two hundred thousand.

19 (2) The board must follow the following procedures to
20 authorize a loan agreement for real property which is payable
21 from the general fund if the principal amount of the loan
22 agreement exceeds the limits set forth in subparagraph (1):

23 (a) The board must institute proceedings for entering into
24 a loan agreement payable from the general fund by causing a
25 notice of the proposal to enter into the loan agreement,
26 including a statement of the principal amount and purpose of
27 the loan agreement and the right to petition for an election,
28 to be published as provided in section 331.305 at least ten
29 days prior to the meeting at which it is proposed to take
30 action to enter into the loan agreement.

31 (b) If at any time before the date fixed for taking action
32 to enter into the loan agreement, a petition is filed with the
33 auditor in the manner provided by section 331.306 asking that
34 the question of entering into the loan agreement be submitted
35 to the qualified electors of the county, the board shall

1 either by resolution declare the proposal to enter into the
2 loan agreement to have been abandoned or shall direct the
3 county commissioner of elections to call a special election
4 upon the question of entering into the loan agreement.
5 However, for purposes of this subparagraph, the petition shall
6 not require signatures in excess of one thousand persons.
7 Notice of the election and its conduct shall be in the manner
8 provided in section 331.442, subsections 2 through 4.

9 (c) If a petition is not filed or if a petition is filed
10 and the proposition of entering into the loan agreement is
11 approved at an election, the board may proceed and enter into
12 the loan agreement.

13 (d) The governing body may authorize a loan agreement
14 payable from the net revenues of a county enterprise or
15 combined county enterprise by following the authorization
16 procedures of section 331.464.

17 (e) A loan agreement to which a county is a party or in
18 which a county has a participatory interest is an obligation
19 of a political subdivision of this state for the purpose of
20 chapters 502 and 682, and is a lawful investment for banks,
21 trust companies, building and loan associations, savings and
22 loan associations, investment companies, insurance companies,
23 insurance associations, executors, guardians, trustees, and
24 any other fiduciaries responsible for the investment of funds.

31557
25 Sec. 3. Section 364.4, subsection 4, Code 1991, is amended
26 by striking the subsection and inserting in lieu thereof the
27 following:

28 4. Enter into leases or lease-purchase contracts for real
29 and personal property in accordance with the following terms
30 and procedures:

31 a. A city shall lease or lease-purchase real or personal
32 property only for a term which does not exceed the economic
33 life of the property, as determined by the governing body.

34 b. A lease or lease-purchase contract entered into by a
35 city may contain provisions similar to those sometimes found

1 in leases between private parties, including, but not limited
2 to, the obligation of the lessee to pay any of the costs of
3 operation or ownership of the leased property and the right to
4 purchase the leased property.

5 c. A provision of a lease or lease-purchase contract which
6 stipulates that a portion of the rent payments be applied as
7 interest is subject to chapter 74A. Other laws relating to
8 interest rates do not apply. Chapter 75 is not applicable. A
9 city utility or city enterprise is a separate entity under
10 this subsection whether it is governed by the governing body
11 of the city or another governing body.

12 d. The governing body must follow substantially the same
13 authorization procedure required for the issuance of general
14 obligation bonds issued for the same purpose to authorize a
15 lease or a lease-purchase contract made payable from the debt
16 service fund.

17 e. The governing body may authorize a lease or lease-
18 purchase contract which is payable from the general fund and
19 which would not cause the total of annual lease and lease-
20 purchase payments of the city due from the general fund of the
21 city in any future year for lease or lease-purchase contracts
22 in force on the date of the authorization, excluding payments
23 to exercise purchase options or to pay the expenses of
24 operation or ownership of the property, to exceed ten percent
25 of the last certified general fund budget amount in accordance
26 with the following procedures:

27 (1) The governing body must follow substantially the
28 authorization procedures of section 384.25 to authorize a
29 lease or lease-purchase contract for real property which is
30 payable from the general fund if the principal amount of the
31 lease or lease-purchase contract does not exceed the following
32 limits:

33 (a) Twenty-five thousand dollars in a city having a
34 population of five thousand or less.

35 (b) Seventy-five thousand dollars in a city having a

1 population of more than five thousand but not more than
2 seventy-five thousand.

x 3 (c) One hundred fifty thousand dollars in a city having a
4 population of more than seventy-five thousand.

5 (2) The governing body must follow the following
6 procedures to authorize a lease or lease-purchase contract for
7 real property which is payable from the general fund if the
8 principal amount of the lease or lease-purchase contract
9 exceeds the limits set forth in subparagraph (1):

10 (a) The governing body must institute proceedings to enter
11 into a lease or lease-purchase contract payable from the
12 general fund by causing a notice of the proposal to enter into
13 the lease or lease-purchase contract, including a statement of
14 the principal amount and purpose of the lease or lease-
15 purchase contract and the right to petition for an election,
16 to be published at least once in a newspaper of general
17 circulation within the city at least ten days prior to the
18 meeting at which it is proposed to take action to enter into
19 the lease or lease-purchase contract.

20 (b) If at any time before the date fixed for taking action
21 to enter into the lease or lease-purchase contract, a petition
22 is filed with the clerk of the city in the manner provided by
23 section 362.4, asking that the question of entering into the
24 lease or lease-purchase contract be submitted to the qualified
25 electors of the city, the governing body shall either by
26 resolution declare the proposal to enter into the lease or
27 lease-purchase contract to have been abandoned or shall direct
28 the county commissioner of elections to call a special
29 election upon the question of entering into the lease or
30 lease-purchase contract. However, for purposes of this
31 subparagraph, the petition shall not require signatures in
32 excess of one thousand persons. Notice of the election and
33 its conduct shall be in the manner provided in section 384.26,
34 subsections 2 through 4.

35 (c) If a petition is not filed or if a petition is filed

1 and the proposition of entering into the lease or lease-
2 purchase contract is approved at an election, the governing
3 body may proceed and enter into the lease or lease-purchase
4 contract.

5 (d) The governing body may authorize a lease or lease-
6 purchase contract payable from the net revenues of a city
7 utility, combined utility system, city enterprise, or combined
8 city enterprise by following the authorization procedures of
9 section 384.83.

10 (e) A lease or lease-purchase contract to which a city is
11 a party or in which a city has a participatory interest is an
12 obligation of a political subdivision of this state for the
13 purposes of chapters 502 and 682, and is a lawful investment
14 for banks, trust companies, building and loan associations,
15 savings and loan associations, investment companies, insurance
16 companies, insurance associations, executors, guardians,
17 trustees, and any other fiduciaries responsible for the
18 investment of funds.

19 (f) Property that is lease-purchased by a city is exempt
20 under section 427.1, subsection 2.

21 (g) A contract for construction by a private party of
22 property to be leased or lease-purchased by a city is not a
23 contract for a public improvement under section 384.95,
24 subsection 1, except for purposes of section 384.102.
25 However, if a lease-purchase contract is funded in advance by
26 means of the lessor depositing moneys to be administered by a
27 city, with the city's obligations to make rent payments
28 commencing with its receipt of moneys, a contract for
29 construction of the property in question awarded by the city
30 is subject to division VI of chapter 384.

31 Sec. 4. Section 384.24A, Code 1991, is amended by striking
32 the section and inserting in lieu thereof the following:

33 384.24A LOAN AGREEMENTS.

34 A city may enter into loan agreements to borrow money for
35 any public purpose in accordance with the following terms and

1 procedures:

2 1. A loan agreement entered into by a city may contain
3 provisions similar to those sometimes found in loan agreements
4 between private parties, including, but not limited to, the
5 issuance of notes to evidence its obligations.

6 2. A provision of a loan agreement which stipulates that a
7 portion of the payments be applied as interest is subject to
8 chapter 74A. Other laws relating to interest rates do not
9 apply. Chapter 75 is not applicable. A city utility or city
10 enterprise is a separate entity under this section whether it
11 is governed by the governing body of the city or another
12 governing body.

13 3. The governing body shall follow substantially the same
14 authorization procedure required for the issuance of general
15 obligation bonds issued for the same purpose to authorize a
16 loan agreement made payable from the debt service fund.

17 4. The governing body may authorize a loan agreement which
18 is payable from the general fund and which would not cause the
19 total of scheduled annual payments of principal or interest or
20 both principal and interest of the city due from the general
21 fund of the city in any future year with respect to all loan
22 agreements in force on the date of the authorization to exceed
23 ten percent of the last certified general fund budget amount
24 in accordance with the following procedures:

25 a. The governing body must follow substantially the
26 authorization procedures of section 384.25 to authorize a loan
27 agreement for real property which is payable from the general
28 fund if the principal amount of the loan agreement does not
29 exceed the following limits:

* 30 (1) Twenty-five thousand dollars in a city having a
31 population of five thousand or less.

* 32 (2) Seventy-five thousand dollars in a city having a
33 population of more than five thousand but not more than
34 seventy-five thousand.

* 35 (3) One hundred fifty thousand dollars in a city having a

1 population of more than seventy-five thousand.

2 b. The governing body must follow the following procedures
3 to authorize a loan agreement for real property which is
4 payable from the general fund if the principal amount of the
5 loan agreement exceeds the limits set forth in paragraph "a":

6 (1) The governing body must institute proceedings to enter
7 into a loan agreement payable from the general fund by causing
8 a notice of the proposal to enter into the loan agreement,
9 including a statement of the principal amount and purpose of
10 the loan agreement and the right to petition for an election,
11 to be published at least once in a newspaper of general
12 circulation within the city at least ten days prior to the
13 meeting at which it is proposed to take action to enter into
14 the loan agreement.

15 (2) If at any time before the date fixed for taking action
16 to enter into the loan agreement, a petition is filed with the
17 clerk of the city in the manner provided by section 362.4,
18 asking that the question of entering into the loan agreement
19 be submitted to the qualified electors of the city, the
20 governing body shall either by resolution declare the proposal
21 to enter into the loan agreement to have been abandoned or
22 shall direct the county commissioner of elections to call a
23 special election upon the question of entering into the loan
24 agreement. However, for purposes of this paragraph, the
25 petition shall not require signatures in excess of one
26 thousand persons. Notice of the election and its conduct
27 shall be in the manner provided in section 384.26, subsections
28 2 through 4.

29 (3) If a petition is not filed or if a petition is filed
30 and the proposition of entering into the loan agreement is
31 approved at an election, the governing body may proceed and
32 enter into the loan agreement.

33 (4) The governing body may authorize a loan agreement
34 payable from the net revenues of a city utility, combined
35 utility system, city enterprise, or combined city enterprise

1 by following the authorization procedures of section 384.83.

2 (5) A loan agreement to which a city is a party or in
3 which the city has a participatory interest is an obligation
4 of a political subdivision of this state for the purposes of
5 chapters 502 and 682, and is a lawful investment for banks,
6 trust companies, building and loan associations, savings and
7 loan associations, investment companies, insurance companies,
8 insurance associations, executors, guardians, trustees, and
9 any other fiduciaries responsible for the investment of funds.

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10 Sec. 5. This Act is applicable to a lease, lease-purchase,
31357 11 or loan agreement entered into on or after July 1, 1991.

12 EXPLANATION

13 Cities and counties are presently permitted to enter into
14 lease, lease-purchase, or loan agreements without an election
15 in certain cases. This bill provides that before the city or
16 county enters into the lease, lease-purchase, or loan
17 agreement for real property which exceeds certain dollar
18 limits by population categories, the city or county is
19 required to follow the procedures of giving notice of the
20 intended action to enter into a lease contract, lease-purchase
21 contract, or loan agreement and the right to petition for an
22 election on the proposed action.

23 The dollar limits and population categories for counties
24 range from \$200,000 in counties of 25,000 population or less
25 to \$500,000 in counties over 200,000 population. For cities,
26 the dollar limits and population categories range from \$25,000
27 for cities of 5,000 population or less to \$150,000 for cities
28 of more than 75,000 population. Petition requirements for
29 either cities or counties are 10 percent of the number voting
30 in the last election but not more than 1,000 signatures are
31 required for either cities or counties.

32 This Act applies to lease, lease-purchase, or loan
33 agreements entered into on or after July 1, 1991.

34 This bill may include a state mandate as defined in section
35 25B.3.

SENATE FILE 260

S-3135

- 1 Amend Senate File 260 as follows:
- 2 1. Page 1, line 16, by striking the words "lease
3 or".
- 4 2. Page 1, line 27, by striking the words "lease
5 or".
- 6 3. Page 1, line 29, by striking the words "lease
7 and".
- 8 4. Page 1, line 31, by striking the words "lease
9 or".
- 10 5. Page 2, line 3, by striking the words "lease
11 or".
- 12 6. Page 2, line 4, by inserting after the word
13 "real" the following: "and personal".
- 14 7. Page 2, line 5, by striking the words "lease
15 or".
- 16 8. Page 2, line 7, by striking the word "Two" and
17 inserting the following: "Four".
- 18 9. Page 2, line 9, by striking the words "Two
19 hundred fifty" and inserting the following: "Five
20 hundred".
- 21 10. Page 2, line 12, by striking the word "Three"
22 and inserting the following: "Six".
- 23 11. Page 2, line 15, by striking the word "Four"
24 and inserting the following: "Eight".
- 25 12. Page 2, line 18, by striking the words "Five
26 hundred thousand" and inserting the following: "One
27 million".
- 28 13. Page 2, line 21, by striking the words "lease
29 or".
- 30 14. Page 2, line 21, by inserting after the word
31 "real" the following: "and personal".
- 32 15. Page 2, line 23, by striking the words "lease
33 or".
- 34 16. Page 2, line 26, by striking the words "lease
35 or".
- 36 17. Page 2, line 28, by striking the words "lease
37 or".
- 38 18. Page 2, line 29, by striking the words "lease
39 or".
- 40 19. Page 2, line 33, by striking the words "lease
41 or".
- 42 20. Page 2, line 35, by striking the words "lease
43 or".
- 44 21. Page 3, lines 2 and 3, by striking the words
45 "lease or".
- 46 22. Page 3, line 5, by striking the words "lease
47 or".
- 48 23. Page 3, line 8, by striking the words "lease
49 or".
- 50 24. Page 3, line 15, by striking the words "lease

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Page 2

- 1 or".
25. Page 3, line 17, by striking the words "lease
- 3 or".
26. Page 3, line 18, by striking the words "lease
- 5 or".
27. Page 3, line 22, by striking the words "lease
- 7 or".
28. Page 5, line 6, by striking the word "TWO"
- 9 and inserting the following: "four".
29. Page 5, line 8, by striking the words "TWO
- 10 hundred fifty" and inserting the following: "five
- 11 hundred".
30. Page 5, line 11, by striking the word "three"
- 14 and inserting the following: "Six".
31. Page 5, line 14, by striking the word "four"
- 16 and inserting the following: "eight".
32. Page 5, line 17, by striking the words "five
- 18 hundred thousand" and inserting the following: "One
- 19 million".
33. Page 6, by inserting after line 24, the
- 21 following:
- 22 "Sec. _____ . Section 331.441, subsection 2,
- 23 paragraph 9, subparagraph (5), Code 1957, is amended
- 24 to read as follows:
- 25 5) Public buildings, including the site or
- 26 grounds of, and the erection, equipment, remodeling,
- 27 or reconstruction of, and additions or extensions to
- 28 the buildings, and including the provision and
- 29 maintenance of juvenile detention or shelter care
- 30 facilities, when the cost does not exceed the
- 31 following limits:
- 32 (a) ~~two~~ four hundred thousand dollars in a county
- 33 having a population of twenty-five thousand or less.
- 34 (b) ~~two~~ five hundred fifty thousand dollars in a
- 35 county having a population of more than twenty-five
- 36 thousand but not more than fifty thousand.
- 37 (c) ~~three~~ six hundred thousand dollars in a county
- 38 having a population of more than fifty thousand.
- 39 not more than one hundred thousand.
- 40 (d) ~~four~~ eight hundred thousand dollars in a
- 41 county having a population of more than one hundred
- 42 thousand but not more than two hundred thousand.
- 43 (e) ~~five-hundred-thousand~~ one million dollars in a
- 44 county having a population of more than two hundred
- 45 thousand."
34. Page 7, line 5, by striking the words "lease
- 47 or".
35. Page 7, line 17, by striking the words "lease
- 49 or".
36. Page 7, line 19, by striking the words "lease
- 50

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Page 3

- 1 and".
- 2 37. Page 7, line 21, by striking the words "lease
- 3 or".
- 4 38. Page 7, line 29, by striking the words "lease
- 5 or".
- 6 39. Page 7, line 29, by inserting after the word
- 7 "real" the following: "and personal".
- 8 40. Page 7, line 31, by striking the words "lease
- 9 or".
- 10 41. Page 7, line 33, by striking the word
- 11 "Twenty-five" and inserting the following: "Fifty".
- 12 42. Page 7, line 35, by striking the word
- 13 "Seventy-five" and inserting the following: "One
- 14 hundred fifty".
- 15 43. Page 8, line 3, by striking the words "One
- 16 hundred fifty" and inserting the following: "Three
- 17 hundred".
- 18 44. Page 8, line 6, by striking the words "lease
- 19 or".
- 20 45. Page 8, line 7, by inserting after the word
- 21 "real" the following: "and personal".
- 22 46. Page 8, line 8, by striking the words "lease
- 23 or".
- 24 47. Page 8, line 11, by striking the words "lease
- 25 or".
- 26 48. Page 8, line 13, by striking the words "lease
- 27 or".
- 28 49. Page 8, line 14, by striking the words "lease
- 29 or".
- 30 50. Page 8, line 19, by striking the words "lease
- 31 or".
- 32 51. Page 8, line 21, by striking the words "lease
- 33 or".
- 34 52. Page 8, line 24, by striking the words "lease
- 35 or".
- 36 53. Page 8, line 26, by striking the words "lease
- 37 or".
- 38 54. Page 8, line 29, by striking the words "lease
- 39 or".
- 40 55. Page 9, line 1, by striking the words "lease
- 41 or".
- 42 56. Page 9, line 3, by striking the words "lease
- 43 or".
- 44 57. Page 9, line 5, by striking the words "lease
- 45 or".
- 46 58. Page 9, line 10, by striking the words "lease
- 47 or".
- 48 59. Page 10, line 30, by striking the word
- 49 "Twenty-five" and inserting the following: "Fifty".
- 50 60. Page 10, line 32, by striking the word

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Page 4

1 "Seventy-five" and inserting the following: "One
2 hundred fifty".
3 61. Page 10, line 35, by striking the words "One
4 hundred fifty" and inserting the following: "Three
5 hundred".
6 62. Page 12, by inserting after line 9, the
7 following:
8 "Sec. ____ . Section 384.26, subsection 5, paragraph
9 a, subparagraphs (1), (2), and (3), Code 1991, are
10 amended to read as follows:
11 (1) In cities having a population of five thousand
12 or less, in an amount of not more than ~~twenty-five~~
13 fifty thousand dollars.
14 (2) In cities having a population of more than
15 five thousand and not more than seventy-five thousand,
16 in an amount of not more than ~~seventy-five~~ one hundred
17 fifty thousand dollars.
18 (3) In cities having a population in excess of
19 seventy-five thousand, in an amount of not more than
20 one three hundred fifty thousand dollars."
21 63. Page 12, line 11, by inserting after the
22 words "entered into" the following: "or general or
23 essential purpose bonds issued".
24 64. Title page, line 2, by inserting after the
25 word "agreements," the following: "issue general or
26 essential purpose bonds,".

By JOHN W. JENSEN
ALVIN V. MILLER
ALLEN BORLAUG

S-3135 FILED MARCH 20, 1991

*Adopted 3/27 (p. 922)
Reconsidered, amended (31, 33, 41) - Readopted
4/8 (p. 1114)*

SENATE FILE 260

S-3200

1 Amend Senate File 260 as follows:
2 1. Page 1, line 5, by striking the words "and
3 personal".
4 2. Page 1, line 7, by striking the words "or
5 personal".
6 3. Page 6, line 29, by striking the words "and
7 personal".
8 4. Page 6, line 31, by striking the words "or
9 personal".
10 5. Title page, line 3, by striking the words "and
11 personal".

By RICHARD VANDE HOEF

S-3200 FILED MARCH 27, 1991

ADOPTED (p. 922)

SENATE FILE 260

S-3341

1 Amend the amendment, S-3135, to Senate File 260 as
2 follows:
3 1. Page 3, by striking lines 10 through 17 and
4 inserting the following:
5 "____. Page 7, line 33, by striking the word
6 "Twenty-five" and inserting the following: "Four
7 hundred".
8 _____. Page 7, line 35, by striking the word
9 "Seventy-five" and inserting the following: "Seven
10 hundred".
11 _____. Page 8, line 3, by striking the words "One
12 hundred fifty thousand" and inserting the following:
13 "One million".
14 2. By striking page 3, line 48, through page 4,
15 line 5 and inserting the following:
16 "____. Page 10, line 30, by striking the word
17 "Twenty-five" and inserting the following: "Four
18 hundred".
19 _____. Page 10, line 32, by striking the word
20 "Seventy-five" and inserting the following: "Seven
21 hundred".
22 _____. Page 10, line 35, by striking the words "One
23 hundred fifty thousand" and inserting the following:
24 "One million".
25 3. Page 4, line 13, by striking the word "fifty"
26 and inserting the following: "four hundred".
27 4. Page 4, lines 16 and 17, by striking the words
28 "one hundred fifty" and inserting the following:
29 "seven hundred".
30 5. Page 4, by striking line 20 and inserting the
31 following: "one hundred-fifty-thousand million
32 dollars."

By ELAINE SZYMONIAK

S-3341 FILED APRIL 5, 1991
Adopted 4/8/91 (p. 1114)

SENATE FILE 260

S-3221

1 Amend the amendment, S-3135, to Senate File 260 as
2 follows:

- 3 1. Page 1, by striking lines 12 and 13.
- 4 2. Page 1, by striking lines 30 and 31.
- 5 3. Page 3, by striking lines 6 and 7.
- 6 4. Page 3, by striking lines 20 and 21.

By RICHARD VANDE HOEF

S-3221 FILED MARCH 28, 1991

Adopted 4/8/91 (p 1114)

SENATE FILE 260

S-3331

1 Amend Senate File 260 as follows:

- 2 1. Page 3, line 18, by striking the letter "(d)"
3 and inserting the following: "f."
- 4 2. Page 3, line 22, by striking the letter "(e)"
5 and inserting the following: "g."
- 6 3. Page 3, line 31, by striking the letter "(f)"
7 and inserting the following: "h."
- 8 4. Page 3, line 33, by striking the letter "(g)"
9 and inserting the following: "i."
- 10 5. Page 6, line 13, by striking the letter "(d)"
11 and inserting the following: "e."
- 12 6. Page 6, line 17, by striking the letter "(e)"
13 and inserting the following: "f."
- 14 7. Page 9, line 5, by striking the letter "(d)"
15 and inserting the following: "f."
- 16 8. Page 9, line 10, by striking the letter "(e)"
17 and inserting the following: "g."
- 18 9. Page 9, line 19, by striking the letter "(f)"
19 and inserting the following: "h."
- 20 10. Page 9, line 21, by striking the letter "(g)"
21 and inserting the following: "i."
- 22 11. Page 11, line 33, by striking the figure
23 "(4)" and inserting the following: "5."
- 24 12. Page 12, line 2, by striking the figure "(5)"
25 and inserting the following: "6."

By ELAINE SZYMONIAK

S-3331 FILED APRIL 4, 1991

Adopted 4/8/91 (p 1114)

the Local Govt 4/9/91 Amend (5020) + D. Pass 2/7/92 (p. 161)

SENATE FILE 260
BY COMMITTEE ON LOCAL
GOVERNMENT

(SUCCESSOR TO SF 50)

(AS AMENDED AND PASSED BY THE SENATE APRIL 8, 1991)

- _____ - New Language by the Senate
- * - Language Stricken by the Senate

Re Passed Senate, Date 4/9/92 (p. 1314) Passed House, Date 2/13/92 (p. 220)
 Vote: Ayes 46 Nays 0 Vote: Ayes 94 Nays 0
 Approved April 27, 1992 (p. 1670)
Repassed House 4/14/92 (p. 1467)
aye 96, Nays 2

A BILL FOR

1 An Act relating to the right of cities and counties to enter into
 2 lease, lease-purchase, or loan agreements, issue general or
 3 essential purpose bonds, and by requiring an election under
 * 4 certain conditions for real property and providing an
 5 applicability date.

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

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S.F. 260

1 Section 1. Section 331.301, subsection 10, Code 1991, is
2 amended by striking the subsection and inserting in lieu
3 thereof the following:

4 10. A county may enter into leases or lease-purchase
*5 contracts for real property in accordance with the following
6 terms and procedures:

*7 a. A county shall lease or lease-purchase real property
8 only for a term which does not exceed the economic life of the
9 property, as determined by the board.

10 b. A lease or lease-purchase contract entered into by a
11 county may contain provisions similar to those sometimes found
12 in leases between private parties, including, but not limited
13 to, the obligation of the lessee to pay any of the costs of
14 operation or ownership of the leased property and the right to
15 purchase the leased property.

*16 c. A provision of a lease-purchase contract which
17 stipulates that a portion of the rent payments be applied as
18 interest is subject to chapter 74A. Other laws relating to
19 interest rates do not apply. Chapter 75 is not applicable. A
20 county enterprise is a separate entity under this subsection,
21 whether it is governed by the board or another governing body.

22 d. The board must follow substantially the same
23 authorization procedure required for the issuance of general
24 obligation bonds issued for the same purpose to authorize a
25 lease or a lease-purchase contract made payable from the debt
26 service fund.

*27 e. The board may authorize a lease-purchase contract which
28 is payable from the general fund and which would not cause the
*29 total of annual lease-purchase payments of the county due from
*30 the general fund of the county in any future year for lease-
31 purchase contracts in force on the date of the authorization,
32 excluding payments to exercise purchase options or to pay the
33 expenses of operation or ownership of the property, to exceed
34 ten percent of the last certified general fund budget amount
35 in accordance with the following procedures:

1 (1) The board must follow substantially the authorization
*2 procedures of section 331.443 to authorize a lease-purchase
3 contract for real property which is payable from the general
*4 fund if the principal amount of the lease-purchase contract
5 does not exceed the following limits:

6 (a) Four hundred thousand dollars in a county having a
7 population of twenty-five thousand or less.

8 (b) Five hundred thousand dollars in a county having a
9 population of more than twenty-five thousand but not more than
10 fifty thousand.

11 (c) Six hundred thousand dollars in a county having a
12 population of more than fifty thousand but not more than one
13 hundred thousand.

14 (d) Eight hundred thousand dollars in a county having a
15 population of more than one hundred thousand but not more than
16 two hundred thousand.

17 (e) One million dollars in a county having a population of
18 more than two hundred thousand.

19 (2) The board must follow the following procedures to
*20 authorize a lease-purchase contract for real property which is
21 payable from the general fund if the principal amount of the
*22 lease-purchase contract exceeds the limits set forth in
23 subparagraph (1):

24 (a) The board must institute proceedings for entering into
*25 a lease-purchase contract payable from the general fund by
*26 causing a notice of the proposal to enter into the lease-
27 purchase contract, including a statement of the principal
*28 amount and purpose of the lease-purchase and the right to
29 petition for an election, to be published as provided in
30 section 331.305 at least ten days prior to the meeting at
*31 which it is proposed to take action to enter into the lease-
32 purchase contract.

33 (b) If at any time before the date fixed for taking action
*34 to enter into the lease-purchase contract, a petition is filed
35 with the auditor in the manner provided by section 331.306,

*1 asking that the question of entering into the lease-purchase
2 contract be submitted to the qualified electors of the county,
3 the board shall either by resolution declare the proposal to
*4 enter into the lease-purchase contract to have been abandoned
5 or shall direct the county commissioner of elections to call a
*6 special election upon the question of entering into the lease-
7 purchase contract. However, for purposes of this
8 subparagraph, the petition shall not require signatures in
9 excess of one thousand persons. Notice of the election and
10 its conduct shall be in the manner provided in section
11 331.442, subsections 2 through 4.

12 (c) If a petition is not filed or if a petition is filed
*13 and the proposition of entering into a lease-purchase contract
14 is approved at the election, the board may proceed and enter
*15 into the lease-purchase contract.

*16 f. The governing body may authorize a lease-purchase
17 contract payable from the net revenues of a county enterprise
18 or combined county enterprise by following the authorization
19 procedures of section 331.464.

*20 g. A lease-purchase contract to which a county is a party
21 or in which a county has a participatory interest is an
22 obligation of a political subdivision of this state for the
23 purposes of chapters 502 and 682, and is a lawful investment
24 for banks, trust companies, building and loan associations,
25 savings and loan associations, investment companies, insurance
26 companies, insurance associations, executors, guardians,
27 trustees, and any other fiduciaries responsible for the
28 investment of funds.

29 h. Property that is lease-purchased by a county is exempt
30 under section 427.1, subsection 2.

31 i. A contract for construction by a private party of
32 property to be leased or lease-purchased by a county is not a
33 contract for a public improvement under section 331.341,
34 subsection 1. However, if a lease-purchase contract is funded
35 in advance by means of the lessor depositing moneys to be

1 administered by a county, with the county's obligation to make
2 rent payments commencing with its receipt of moneys, a
3 contract for construction of the property in question awarded
4 by the county is a public improvement and is subject to
5 section 331.341, subsection 1.

6 Sec. 2. Section 331.402, subsection 3, Code 1991, is
7 amended by striking the subsection and inserting in lieu
8 thereof the following:

9 3. A county may enter into loan agreements to borrow money
10 for any public purpose in accordance with the following terms
11 and procedures:

12 a. A loan agreement entered into by a county may contain
13 provisions similar to those sometimes found in loan agreements
14 between private parties, including, but not limited to, the
15 issuance of notes to evidence its obligations.

16 b. A provision of a loan agreement which stipulates that a
17 portion of the payments be applied as interest is subject to
18 chapter 74A. Other laws relating to interest rates do not
19 apply. Chapter 75 is not applicable. A county enterprise is
20 a separate entity under this subsection, whether it is
21 governed by the board or another governing body.

22 c. The board shall follow substantially the same
23 authorization procedure required for the issuance of general
24 obligation bonds issued for the same purpose to authorize a
25 loan agreement made payable from the debt service fund.

26 d. The board may authorize a loan agreement which is
27 payable from the general fund and which would not cause the
28 total of scheduled annual payments of principal or interest or
29 both principal and interest of the county due from the general
30 fund of the county in any future year with respect to all loan
31 agreements in force on the date of the authorization to exceed
32 ten percent of the last certified general fund budget amount
33 in accordance with the following procedures:

34 (1) The board must follow substantially the authorization
35 procedures of section 331.443 to authorize a loan agreement

1 for real property which is payable from the general fund if
2 the principal amount of the loan agreement does not exceed the
3 following limits:

4 (a) Four hundred thousand dollars in a county having a
5 population of twenty-five thousand or less.

6 (b) Five hundred thousand dollars in a county having a
7 population of more than twenty-five thousand but not more than
8 fifty thousand.

9 (c) Six hundred thousand dollars in a county having a
10 population of more than fifty thousand but not more than one
11 hundred thousand.

12 (d) Eight hundred thousand dollars in a county having a
13 population of more than one hundred thousand but not more than
14 two hundred thousand.

15 (e) One million dollars in a county having a population of
16 more than two hundred thousand.

17 (2) The board must follow the following procedures to
18 authorize a loan agreement for real property which is payable
19 from the general fund if the principal amount of the loan
20 agreement exceeds the limits set forth in subparagraph (1):

21 (a) The board must institute proceedings for entering into
22 a loan agreement payable from the general fund by causing a
23 notice of the proposal to enter into the loan agreement,
24 including a statement of the principal amount and purpose of
25 the loan agreement and the right to petition for an election,
26 to be published as provided in section 331.305 at least ten
27 days prior to the meeting at which it is proposed to take
28 action to enter into the loan agreement.

29 (b) If at any time before the date fixed for taking action
30 to enter into the loan agreement, a petition is filed with the
31 auditor in the manner provided by section 331.306 asking that
32 the question of entering into the loan agreement be submitted
33 to the qualified electors of the county, the board shall
34 either by resolution declare the proposal to enter into the
35 loan agreement to have been abandoned or shall direct the

1 county commissioner of elections to call a special election
2 upon the question of entering into the loan agreement.
3 However, for purposes of this subparagraph, the petition shall
4 not require signatures in excess of one thousand persons.
5 Notice of the election and its conduct shall be in the manner
6 provided in section 331.442, subsections 2 through 4.

7 (c) If a petition is not filed or if a petition is filed
8 and the proposition of entering into the loan agreement is
9 approved at an election, the board may proceed and enter into
10 the loan agreement.

11 e. The governing body may authorize a loan agreement
12 payable from the net revenues of a county enterprise or
13 combined county enterprise by following the authorization
14 procedures of section 331.464.

15 f. A loan agreement to which a county is a party or in
16 which a county has a participatory interest is an obligation
17 of a political subdivision of this state for the purpose of
18 chapters 502 and 682, and is a lawful investment for banks,
19 trust companies, building and loan associations, savings and
20 loan associations, investment companies, insurance companies,
21 insurance associations, executors, guardians, trustees, and
22 any other fiduciaries responsible for the investment of funds.

23 Sec. 3. Section 331.441, subsection 2, paragraph b,
24 subparagraph (5), Code 1991, is amended to read as follows:

25 (5) Public buildings, including the site or grounds of,
26 and the erection, equipment, remodeling, or reconstruction of,
27 and additions or extensions to the buildings, and including
28 the provision and maintenance of juvenile detention or shelter
29 care facilities, when the cost does not exceed the following
30 limits:

31 (a) Two Four hundred thousand dollars in a county having a
32 population of twenty-five thousand or less.

33 (b) Two Five hundred fifty thousand dollars in a county
34 having a population of more than twenty-five thousand but not
35 more than fifty thousand.

1 (c) Three Six hundred thousand dollars in a county having
2 a population of more than fifty thousand but not more than one
3 hundred thousand.

4 (d) Four Eight hundred thousand dollars in a county having
5 a population of more than one hundred thousand but not more
6 than two hundred thousand.

7 (e) Five-hundred-thousand One million dollars in a county
8 having a population of more than two hundred thousand.

9 Sec. 4. Section 364.4, subsection 4, Code 1991, is amended
10 by striking the subsection and inserting in lieu thereof the
11 following:

*12 4. Enter into leases or lease-purchase contracts for real
13 property in accordance with the following terms and
14 procedures:

*15 a. A city shall lease or lease-purchase real property only
16 for a term which does not exceed the economic life of the
17 property, as determined by the governing body.

18 b. A lease or lease-purchase contract entered into by a
19 city may contain provisions similar to those sometimes found
20 in leases between private parties, including, but not limited
21 to, the obligation of the lessee to pay any of the costs of
22 operation or ownership of the leased property and the right to
23 purchase the leased property.

*24 c. A provision of a lease-purchase contract which
25 stipulates that a portion of the rent payments be applied as
26 interest is subject to chapter 74A. Other laws relating to
27 interest rates do not apply. Chapter 75 is not applicable. A
28 city utility or city enterprise is a separate entity under
29 this subsection whether it is governed by the governing body
30 of the city or another governing body.

31 d. The governing body must follow substantially the same
32 authorization procedure required for the issuance of general
33 obligation bonds issued for the same purpose to authorize a
34 lease or a lease-purchase contract made payable from the debt
35 service fund.

*1 e. The governing body may authorize a lease-purchase
2 contract which is payable from the general fund and which
*3 would not cause the total of annual lease-purchase payments of
4 the city due from the general fund of the city in any future
*5 year for lease-purchase contracts in force on the date of the
6 authorization, excluding payments to exercise purchase options
7 or to pay the expenses of operation or ownership of the
8 property, to exceed ten percent of the last certified general
9 fund budget amount in accordance with the following
10 procedures:

11 (1) The governing body must follow substantially the
12 authorization procedures of section 384.25 to authorize a
*13 lease-purchase contract for real property which is payable
*14 from the general fund if the principal amount of the lease-
15 purchase contract does not exceed the following limits:

16 (a) Four hundred thousand dollars in a city having a
17 population of five thousand or less.

18 (b) Seven hundred thousand dollars in a city having a
19 population of more than five thousand but not more than
20 seventy-five thousand.

21 (c) One million dollars in a city having a population of
22 more than seventy-five thousand.

23 (2) The governing body must follow the following
*24 procedures to authorize a lease-purchase contract for real
25 property which is payable from the general fund if the
*26 principal amount of the lease-purchase contract exceeds the
27 limits set forth in subparagraph (1):

28 (a) The governing body must institute proceedings to enter
*29 into a lease-purchase contract payable from the general fund
*30 by causing a notice of the proposal to enter into the lease-
31 purchase contract, including a statement of the principal
*32 amount and purpose of the lease-purchase contract and the
33 right to petition for an election, to be published at least
34 once in a newspaper of general circulation within the city at
35 least ten days prior to the meeting at which it is proposed to

*1 take action to enter into the lease-purchase contract.

2 (b) If at any time before the date fixed for taking action
*3 to enter into the lease-purchase contract, a petition is filed
4 with the clerk of the city in the manner provided by section
*5 362.4, asking that the question of entering into the lease-
6 purchase contract be submitted to the qualified electors of
7 the city, the governing body shall either by resolution
*8 declare the proposal to enter into the lease-purchase contract
9 to have been abandoned or shall direct the county commissioner
10 of elections to call a special election upon the question of
*11 entering into the lease-purchase contract. However, for
12 purposes of this subparagraph, the petition shall not require
13 signatures in excess of one thousand persons. Notice of the
14 election and its conduct shall be in the manner provided in
15 section 384.26, subsections 2 through 4.

16 (c) If a petition is not filed or if a petition is filed
*17 and the proposition of entering into the lease-purchase
18 contract is approved at an election, the governing body may
*19 proceed and enter into the lease-purchase contract.

*20 f. The governing body may authorize a lease-purchase
21 contract payable from the net revenues of a city utility,
22 combined utility system, city enterprise, or combined city
23 enterprise by following the authorization procedures of
24 section 384.83.

*25 g. A lease-purchase contract to which a city is a party or
26 in which a city has a participatory interest is an obligation
27 of a political subdivision of this state for the purposes of
28 chapters 502 and 682, and is a lawful investment for banks,
29 trust companies, building and loan associations, savings and
30 loan associations, investment companies, insurance companies,
31 insurance associations, executors, guardians, trustees, and
32 any other fiduciaries responsible for the investment of funds.

33 h. Property that is lease-purchased by a city is exempt
34 under section 427.1, subsection 2.

35 i. A contract for construction by a private party of

1 property to be leased or lease-purchased by a city is not a
2 contract for a public improvement under section 384.95,
3 subsection 1, except for purposes of section 384.102.
4 However, if a lease-purchase contract is funded in advance by
5 means of the lessor depositing moneys to be administered by a
6 city, with the city's obligations to make rent payments
7 commencing with its receipt of moneys, a contract for
8 construction of the property in question awarded by the city
9 is subject to division VI of chapter 384.

10 Sec. 5. Section 384.24A, Code 1991, is amended by striking
11 the section and inserting in lieu thereof the following:

12 384.24A LOAN AGREEMENTS.

13 A city may enter into loan agreements to borrow money for
14 any public purpose in accordance with the following terms and
15 procedures:

16 1. A loan agreement entered into by a city may contain
17 provisions similar to those sometimes found in loan agreements
18 between private parties, including, but not limited to, the
19 issuance of notes to evidence its obligations.

20 2. A provision of a loan agreement which stipulates that a
21 portion of the payments be applied as interest is subject to
22 chapter 74A. Other laws relating to interest rates do not
23 apply. Chapter 75 is not applicable. A city utility or city
24 enterprise is a separate entity under this section whether it
25 is governed by the governing body of the city or another
26 governing body.

27 3. The governing body shall follow substantially the same
28 authorization procedure required for the issuance of general
29 obligation bonds issued for the same purpose to authorize a
30 loan agreement made payable from the debt service fund.

31 4. The governing body may authorize a loan agreement which
32 is payable from the general fund and which would not cause the
33 total of scheduled annual payments of principal or interest or
34 both principal and interest of the city due from the general
35 fund of the city in any future year with respect to all loan

1 agreements in force on the date of the authorization to exceed
2 ten percent of the last certified general fund budget amount
3 in accordance with the following procedures:

4 a. The governing body must follow substantially the
5 authorization procedures of section 384.25 to authorize a loan
6 agreement for real property which is payable from the general
7 fund if the principal amount of the loan agreement does not
8 exceed the following limits:

9 (1) Four hundred thousand dollars in a city having a
10 population of five thousand or less.

11 (2) Seven hundred thousand dollars in a city having a
12 population of more than five thousand but not more than
13 seventy-five thousand.

14 (3) One million dollars in a city having a population of
15 more than seventy-five thousand.

16 b. The governing body must follow the following procedures
17 to authorize a loan agreement for real property which is
18 payable from the general fund if the principal amount of the
19 loan agreement exceeds the limits set forth in paragraph "a":

20 (1) The governing body must institute proceedings to enter
21 into a loan agreement payable from the general fund by causing
22 a notice of the proposal to enter into the loan agreement,
23 including a statement of the principal amount and purpose of
24 the loan agreement and the right to petition for an election,
25 to be published at least once in a newspaper of general
26 circulation within the city at least ten days prior to the
27 meeting at which it is proposed to take action to enter into
28 the loan agreement.

29 (2) If at any time before the date fixed for taking action
30 to enter into the loan agreement, a petition is filed with the
31 clerk of the city in the manner provided by section 362.4,
32 asking that the question of entering into the loan agreement
33 be submitted to the qualified electors of the city, the
34 governing body shall either by resolution declare the proposal
35 to enter into the loan agreement to have been abandoned or

1 shall direct the county commissioner of elections to call a
2 special election upon the question of entering into the loan
3 agreement. However, for purposes of this paragraph, the
4 petition shall not require signatures in excess of one
5 thousand persons. Notice of the election and its conduct
6 shall be in the manner provided in section 384.26, subsections
7 2 through 4.

8 (3) If a petition is not filed or if a petition is filed
9 and the proposition of entering into the loan agreement is
10 approved at an election, the governing body may proceed and
11 enter into the loan agreement.

12 5. The governing body may authorize a loan agreement
13 payable from the net revenues of a city utility, combined
14 utility system, city enterprise, or combined city enterprise
15 by following the authorization procedures of section 384.83.

16 6. A loan agreement to which a city is a party or in which
17 the city has a participatory interest is an obligation of a
18 political subdivision of this state for the purposes of
19 chapters 502 and 682, and is a lawful investment for banks,
20 trust companies, building and loan associations, savings and
21 loan associations, investment companies, insurance companies,
22 insurance associations, executors, guardians, trustees, and
23 any other fiduciaries responsible for the investment of funds.

24 Sec. 6. Section 384.26, subsection 5, paragraph a,
25 subparagraphs (1), (2), and (3), Code 1991, are amended to
26 read as follows:

27 (1) In cities having a population of five thousand or
28 less, in an amount of not more than twenty-five four hundred
29 thousand dollars.

30 (2) In cities having a population of more than five
31 thousand and not more than seventy-five thousand, in an amount
32 of not more than seventy-five seven hundred thousand dollars.

33 (3) In cities having a population in excess of seventy-
34 five thousand, in an amount of not more than one hundred-fifty
35 thousand million dollars.

1 Sec. 7. This Act is applicable to a lease, lease-purchase,
2 or loan agreement entered into or general or essential purpose
3 bonds issued on or after July 1, 1991.

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SENATE BILL 160

H-5020

- Amend Senate Bill 160, as amended, passed and reported by the Senate, as follows:
1. Page 1, line 3, by inserting after the word "meet" the following: "or personal";
 2. Page 1, line 7, by striking the word "lease";
 3. Page 1, line 16, by inserting before the word "lease-purchase" the following: "lease or";
 4. Page 1, line 21, by inserting before the word "lease-purchase" the following: "lease or";
 5. Page 1, line 29, by striking the word "and" and inserting the following: "lease and";
 6. Page 1, line 30, by inserting before the word "lease" the following: "lease or";
 7. Page 2, line 2, by striking the word "lease-purchase" and inserting the following: "lease or lease-purchase contract for personal property which is payable from the general fund. The board must follow substantially the authorization procedures of section 211.443 to authorize a lease or lease-purchase";
 8. Page 2, line 20, by inserting before the word "lease-purchase" the following: "lease or";
 9. Page 2, line 22, by inserting before the word "lease-purchase" the following: "lease or";
 10. Page 2, line 25, by inserting before the word "lease-purchase" the following: "lease or";
 11. Page 2, line 26, by striking the words "proposal to enter" and inserting the following: "meeting to discuss entering";
 12. Page 2, line 26, by inserting before the word "lease" the following: "lease or";
 13. Page 2, line 28, by inserting before the word "lease-purchase" the following: "lease or";
 14. Page 2, line 30, by inserting before the word "meeting" the following: "discussion meeting. No sooner than thirty days following the discussion meeting shall the board hold a";
 15. Page 2, line 31, by inserting before the word "lease" the following: "lease or";
 16. Page 2, line 33, by striking the words "date fixed for taking" and inserting the following: "end of the thirty-day period after which a meeting may be held to take";
 17. Page 2, line 34, by inserting before the word "lease-purchase" the following: "lease or";
 18. Page 3, line 1, by inserting before the word "lease-purchase" the following: "lease or";
 19. Page 3, line 4, by inserting before the word "lease-purchase" the following: "lease or";
 20. Page 3, line 6, by inserting before the word "lease" the following: "lease or";

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- 1 21. Page 3, line 13, by inserting before the word
2 "lease-purchase" the following: "lease or".
- 3 22. Page 3, line 15, by inserting before the word
4 "lease-purchase" the following: "lease or".
- 5 23. Page 3, line 16, by inserting before the word
6 "lease-purchase" the following: "lease or".
- 7 24. Page 3, line 20, by inserting before the word
8 "lease-purchase" the following: "lease or".
- 9 25. Page 4, line 34, by inserting after the word
10 and figure "(1) The" the following: "board shall
11 follow substantially the authorization procedures of
12 section 331.443 to authorize a loan agreement for
13 personal property which is payable from the general
14 fund. The".
- 15 26. Page 5, line 23, by striking the words
16 "proposal to enter" and inserting the following:
17 "meeting to discuss entering".
- 18 27. Page 5, line 27, by inserting before the word
19 "meeting" the following: "discussion meeting. No
20 sooner than thirty days following the discussion
21 meeting shall the board hold a".
- 22 28. Page 5, line 29, by striking the words "date
23 fixed for taking" and inserting the following: "end
24 of the thirty-day period after which a meeting may be
25 held to take".
- 26 29. Page 7, line 12, by inserting after the word
27 "real" the following: "or personal".
- 28 30. Page 7, line 15, by striking the word "real".
- 29 31. Page 7, line 24, by inserting before the word
30 "lease-purchase" the following: "lease or".
- 31 32. Page 8, line 1, by inserting before the word
32 "lease-purchase" the following: "lease or".
- 33 33. Page 8, line 3, by inserting before the word
34 "lease-purchase" the following: "lease or".
- 35 34. Page 8, line 5, by inserting before the word
36 "lease-purchase" the following: "lease or".
- 37 35. Page 8, line 13, by inserting before the word
38 "lease-purchase" the following: "lease or lease-
39 purchase contract for personal property which is
40 payable from the general fund. The governing body
41 must follow substantially the authorization procedures
42 of section 384.25 to authorize the lease or".
- 43 36. Page 8, line 24, by inserting before the word
44 "lease-purchase" the following: "lease or".
- 45 37. Page 8, line 26, by inserting before the word
46 "lease-purchase" the following: "lease or".
- 47 38. Page 8, line 29, by inserting before the word
48 "lease-purchase" the following: "lease or".
- 49 39. Page 8, line 30, by striking the words
50 "proposal to enter" and inserting the following:

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- 1 "meeting to discuss entering".
2 40. Page 8, line 30, by inserting before the word
3 "lease-" the following: "lease or".
4 41. Page 8, line 32, by inserting before the word
5 "lease-purchase" the following: "lease or".
6 42. Page 8, line 35, by inserting before the word
7 "meeting" the following: "discussion meeting. No
8 sooner than thirty days following the discussion
9 meeting shall the governing body hold a".
10 43. Page 9, line 1, by inserting before the word
11 "lease-purchase" the following: "lease or".
12 44. Page 9, line 2, by striking the words "date
13 fixed for taking" and inserting the following: "end
14 of the thirty-day period after which a meeting may be
15 held to take".
16 45. Page 9, line 3, by inserting before the word
17 "lease-purchase" the following: "lease or".
18 46. Page 9, line 5, by inserting before the word
19 "lease-" the following: "lease or".
20 47. Page 9, line 8, by inserting before the word
21 "lease-purchase" the following: "lease or".
22 48. Page 9, line 11, by inserting before the word
23 "lease-purchase" the following: "lease or".
24 49. Page 9, line 17, by inserting before the word
25 "lease-purchase" the following: "lease or".
26 50. Page 9, line 19, by inserting before the word
27 "lease-purchase" the following: "lease or".
28 51. Page 9, line 20, by inserting before the word
29 "lease-purchase" the following: "lease or".
30 52. Page 9, line 25, by inserting before the word
31 "lease-purchase" the following: "lease or".
32 53. Page 11, line 4, by striking the word and
33 letter "a. The" and inserting the following:
34 "a. The governing body must follow substantially
35 the authorization procedures of section 384.25 to
36 authorize a loan agreement for personal property which
37 is payable from the general fund. The".
38 54. Page 11, line 22, by striking the words
39 "proposal to enter" and inserting the following:
40 "meeting to discuss entering".
41 55. Page 11, line 27, by inserting before the
42 word "meeting" the following: "discussion meeting.
43 No sooner than thirty days following the discussion
44 meeting shall the governing body hold a".
45 56. Page 11, line 29, by striking the words "date
46 fixed for taking" and inserting the following: "end
47 of the thirty-day period after which a meeting may be
48 held to take".
49 57. Page 13, line 3, by striking the figure
50 "1991" and inserting the following: "1992".

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1 58. By renumbering, relettering, or redesignating
2 and correcting internal references as necessary.

By COMMITTEE ON LOCAL GOVERNMENT
DVORSKY of Johnson, Chairperson

H-5020 FILED FEBRUARY 5, 1992

Adopted 2/13 (p. 219)

SENATE FILE 260

H-5021

1 Amend Senate File 260, as amended, passed, and
2 reprinted by the Senate as follows:

3 1. Page 3, line 9, by inserting after the word
4 "persons." the following: "The question to be placed
5 on the ballot shall be stated affirmatively in
6 substantially the following manner: Shall the county
7 of _____ enter into a lease or lease-purchase
8 contract in excess of the principal limit of \$ _____?"
9 2. Page 6, line 4, by inserting after the word
10 "persons." the following: "The question to be placed
11 on the ballot shall be stated affirmatively in
12 substantially the following manner: Shall the county
13 of _____ enter into a loan agreement in excess of
14 the principal limit of \$ _____?"
15 3. Page 9, line 13, by inserting after the word
16 "persons." the following: "The question to be placed
17 on the ballot shall be stated affirmatively in
18 substantially the following manner: Shall the city of
19 _____ enter into a lease or lease purchase contract
20 in excess of the principal limit of \$ _____?"
21 4. Page 12, line 5, by inserting after the word
22 "persons." the following: "The question to be placed
23 on the ballot shall be stated affirmatively in
24 substantially the following manner: Shall the city of
25 _____ enter into a loan agreement in excess of the
26 principal limit of \$ _____?"

By IVERSON of Wright
CONNORS of Polk
MERTZ of Kossuth

H-5021 FILED FEBRUARY 5, 1992

Adopted 2/13

SENATE FILE 260

H-5028

1 Amend Senate File 260, as amended, passed, and
2 reprinted by the Senate as follows:

3 1. Page 3, line 9, by inserting after the word
4 "persons." the following: "The question to be placed
5 on the ballot shall be stated affirmatively in
6 substantially the following manner: Shall the county
7 of _____ enter into a lease or lease-purchase
8 contract in an amount of \$ _____ for the purpose of
9 _____?"

10 2. Page 6, line 4, by inserting after the word
11 "persons." the following: "The question to be placed
12 on the ballot shall be stated affirmatively in
13 substantially the following manner: Shall the county
14 of _____ enter into a loan agreement in amount of
15 \$ _____ for the purpose of _____?"

16 3. Page 9, line 13, by inserting after the word
17 "persons." the following: "The question to be placed
18 on the ballot shall be stated affirmatively in
19 substantially the following manner: Shall the city of
20 _____ enter into a lease or lease purchase contract
21 in amount of \$ _____ for the purpose of _____?"

22 4. Page 12, line 5, by inserting after the word
23 "persons." the following: "The question to be placed
24 on the ballot shall be stated affirmatively in
25 substantially the following manner: Shall the city of
26 _____ enter into a loan agreement in amount of
27 \$ _____ for the purpose of _____?"

By IVERSON of Wright
CONNORS of Polk
MERTZ of Kossuth

H-5028 FILED FEBRUARY 6, 1992

Adopted 2/13 (p. 220)

SENATE AMENDMENT TO HOUSE AMENDMENT TO SENATE FILE 260

H-5864

1 Amend the House amendment, S-5078, to Senate File
2 260, as amended, passed, and reprinted by the Senate,
3 as follows:

4 1. Page 4, line 25, by striking the figure "1992"
5 and inserting the following: "1993".

RECEIVED FROM THE SENATE

H-5864 FILED APRIL 13, 1992

House concurred 4/14/92 (p. 1467)

HOUSE AMENDMENT TO
SENATE FILE 260

S-5078

- 1 Amend Senate File 260, as amended, passed, and
- 2 reprinted by the Senate, as follows:
- 3 1. Page 1, line 5, by inserting after the word
- 4 "real" the following: "or personal".
- 5 2. Page 1, line 7, by striking the word "real".
- 6 3. Page 1, line 16, by inserting before the word
- 7 "lease-purchase" the following: "lease or".
- 8 4. Page 1, line 27, by inserting before the word
- 9 "lease-purchase" the following: "lease or".
- 10 5. Page 1, line 29, by striking the word "annual"
- 11 and inserting the following: "lease and".
- 12 6. Page 1, line 30, by inserting before the word
- 13 "lease-" the following: "lease or".
- 14 7. Page 2, line 2, by striking the word "lease-
- 15 purchase" and inserting the following: "lease or
- 16 lease-purchase contract for personal property which is
- 17 payable from the general fund. The board must follow
- 18 substantially the authorization procedures of section
- 19 331.443 to authorize a lease or lease-purchase".
- 20 8. Page 2, line 20, by inserting before the word
- 21 "lease-purchase" the following: "lease or".
- 22 9. Page 2, line 22, by inserting before the word
- 23 "lease-purchase" the following: "lease or".
- 24 10. Page 2, line 25, by inserting before the word
- 25 "lease-purchase" the following: "lease or".
- 26 11. Page 2, line 26, by striking the words
- 27 "proposal to enter" and inserting the following:
- 28 "meeting to discuss entering".
- 29 12. Page 2, line 26, by inserting before the word
- 30 "lease-" the following: "lease or".
- 31 13. Page 2, line 28, by inserting before the word
- 32 "lease-purchase" the following: "lease or".
- 33 14. Page 2, line 30, by inserting before the word
- 34 "meeting" the following: "discussion meeting. No
- 35 sooner than thirty days following the discussion
- 36 meeting shall the board hold a".
- 37 15. Page 2, line 31, by inserting before the word
- 38 "lease-" the following: "lease or".
- 39 16. Page 2, line 33, by striking the words "date
- 40 fixed for taking" and inserting the following: "end
- 41 of the thirty-day period after which a meeting may be
- 42 held to take".
- 43 17. Page 2, line 34, by inserting before the word
- 44 "lease-purchase" the following: "lease or".
- 45 18. Page 3, line 1, by inserting before the word
- 46 "lease-purchase" the following: "lease or".
- 47 19. Page 3, line 4, by inserting before the word
- 48 "lease-purchase" the following: "lease or".
- 49 20. Page 3, line 6, by inserting before the word
- 50 "lease-" the following: "lease or".

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Page 2

- 1 21. Page 3, line 9, by inserting after the word
2 "persons." the following: "The question to be placed
3 on the ballot shall be stated affirmatively in
4 substantially the following manner: Shall the county
5 of _____ enter into a lease or lease-purchase
6 contract in an amount of \$ _____ for the purpose of
7 _____?"
- 8 22. Page 3, line 13, by inserting before the word
9 "lease-purchase" the following: "lease or".
- 10 23. Page 3, line 15, by inserting before the word
11 "lease-purchase" the following: "lease or".
- 12 24. Page 3, line 16, by inserting before the word
13 "lease-purchase" the following: "lease or".
- 14 25. Page 3, line 20, by inserting before the word
15 "lease-purchase" the following: "lease or".
- 16 26. Page 4, line 34, by inserting after the word
17 and figure "(1) The" the following: "board shall
18 follow substantially the authorization procedures of
19 section 331.443 to authorize a loan agreement for
20 personal property which is payable from the general
21 fund. The".
- 22 27. Page 5, line 23, by striking the words
23 "proposal to enter" and inserting the following:
24 "meeting to discuss entering".
- 25 28. Page 5, line 27, by inserting before the word
26 "meeting" the following: "discussion meeting. No
27 sooner than thirty days following the discussion
28 meeting shall the board hold a".
- 29 29. Page 5, line 29, by striking the words "date
30 fixed for taking" and inserting the following: "end
31 of the thirty-day period after which a meeting may be
32 held to take".
- 33 30. Page 6, line 4, by inserting after the word
34 "persons." the following: "The question to be placed
35 on the ballot shall be stated affirmatively in
36 substantially the following manner: Shall the county
37 of _____ enter into a loan agreement in amount of
38 \$ _____ for the purpose of _____?"
- 39 31. Page 7, line 12, by inserting after the word
40 "real" the following: "or personal".
- 41 32. Page 7, line 15, by striking the word "real".
- 42 33. Page 7, line 24, by inserting before the word
43 "lease-purchase" the following: "lease or".
- 44 34. Page 8, line 1, by inserting before the word
45 "lease-purchase" the following: "lease or".
- 46 35. Page 8, line 3, by inserting before the word
47 "lease-purchase" the following: "lease or".
- 48 36. Page 8, line 5, by inserting before the word
49 "lease-purchase" the following: "lease or".
- 50 37. Page 8, line 13, by inserting before the word

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Page 3

- 1 "lease-purchase" the following: "lease or lease-
2 purchase contract for personal property which is
3 payable from the general fund. The governing body
4 must follow substantially the authorization procedures
5 of section 384.25 to authorize the lease or".
6 38. Page 8, line 24, by inserting before the word
7 "lease-purchase" the following: "lease or".
8 39. Page 8, line 26, by inserting before the word
9 "lease-purchase" the following: "lease or".
10 40. Page 8, line 29, by inserting before the word
11 "lease-purchase" the following: "lease or".
12 41. Page 8, line 30, by striking the words
13 "proposal to enter" and inserting the following:
14 "meeting to discuss entering".
15 42. Page 8, line 30, by inserting before the word
16 "lease-" the following: "lease or".
17 43. Page 8, line 32, by inserting before the word
18 "lease-purchase" the following: "lease or".
19 44. Page 8, line 35, by inserting before the word
20 "meeting" the following: "discussion meeting. No
21 sooner than thirty days following the discussion
22 meeting shall the governing body hold a".
23 45. Page 9, line 1, by inserting before the word
24 "lease-purchase" the following: "lease or".
25 46. Page 9, line 2, by striking the words "date
26 fixed for taking" and inserting the following: "end
27 of the thirty-day period after which a meeting may be
28 held to take".
29 47. Page 9, line 3, by inserting before the word
30 "lease-purchase" the following: "lease or".
31 48. Page 9, line 5, by inserting before the word
32 "lease-" the following: "lease or".
33 49. Page 9, line 8, by inserting before the word
34 "lease-purchase" the following: "lease or".
35 50. Page 9, line 11, by inserting before the word
36 "lease-purchase" the following: "lease or".
37 51. Page 9, line 13, by inserting after the word
38 "persons." the following: "The question to be placed
39 on the ballot shall be stated affirmatively in
40 substantially the following manner: Shall the city of
41 _____ enter into a lease or lease purchase contract
42 in amount of \$ _____ for the purpose of _____?"
43 52. Page 9, line 17, by inserting before the word
44 "lease-purchase" the following: "lease or".
45 53. Page 9, line 19, by inserting before the word
46 "lease-purchase" the following: "lease or".
47 54. Page 9, line 20, by inserting before the word
48 "lease-purchase" the following: "lease or".
49 55. Page 9, line 25, by inserting before the word
50 "lease-purchase" the following: "lease or".

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Page 4

- 1 56. Page 11, line 4, by striking the word and
 2 letter "a. The" and inserting the following:
 3 "a. The governing body must follow substantially
 4 the authorization procedures of section 384.25 to
 5 authorize a loan agreement for personal property which
 6 is payable from the general fund. The".
 7 57. Page 11, line 22, by striking the words
 8 "proposal to enter" and inserting the following:
 9 "meeting to discuss entering".
 10 58. Page 11, line 27, by inserting before the
 11 word "meeting" the following: "discussion meeting.
 12 No sooner than thirty days following the discussion
 13 meeting shall the governing body hold a".
 14 59. Page 11, line 29, by striking the words "date
 15 fixed for taking" and inserting the following: "end
 16 of the thirty-day period after which a meeting may be
 17 held to take".
 18 60. Page 12, line 5, by inserting after the word
 19 "persons." the following: "The question to be placed
 20 on the ballot shall be stated affirmatively in
 21 substantially the following manner: Shall the city of
 22 _____ enter into a loan agreement in amount of
 23 \$ _____ for the purpose of _____?"
 24 61. Page 13, line 3, by striking the figure
 25 "1991" and inserting the following: "1992".
 26 62. By renumbering, relettering, or redesignating
 27 and correcting internal references as necessary.

RECEIVED FROM THE HOUSE

S-5078 FILED FEBRUARY 18, 1992

Senate amended (S-5604) concerning 4/9 (p 1314)

SENATE FILE 260

S-5604

- 1 Amend the House amendment, S-5078, to Senate File
 2 260, as amended, passed, and reprinted by the Senate,
 3 as follows:
 4 1. Page 4, line 25, by striking the figure "1992"
 5 and inserting the following: "1993".

By ALVIN V. MILLER

S-5604 FILED APRIL 8, 1992

Adopted 4/9/92 (p 1314)

SENATE FILE 260

AN ACT

RELATING TO THE RIGHT OF CITIES AND COUNTIES TO ENTER INTO LEASE, LEASE-PURCHASE, OR LOAN AGREEMENTS, ISSUE GENERAL OR ESSENTIAL PURPOSE BONDS, AND BY REQUIRING AN ELECTION UNDER CERTAIN CONDITIONS FOR REAL PROPERTY AND PROVIDING AN APPLICABILITY DATE.

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

Section 1. Section 331.301, subsection 10, Code 1991, is amended by striking the subsection and inserting in lieu thereof the following:

10. A county may enter into leases or lease-purchase contracts for real or personal property in accordance with the following terms and procedures:

a. A county shall lease or lease-purchase property only for a term which does not exceed the economic life of the property, as determined by the board.

b. A lease or lease-purchase contract entered into by a county may contain provisions similar to those sometimes found

in leases between private parties, including, but not limited to, the obligation of the lessee to pay any of the costs of operation or ownership of the leased property and the right to purchase the leased property.

c. A provision of a lease or lease-purchase contract which stipulates that a portion of the rent payments be applied as interest is subject to chapter 74A. Other laws relating to interest rates do not apply. Chapter 75 is not applicable. A county enterprise is a separate entity under this subsection, whether it is governed by the board or another governing body.

d. The board must follow substantially the same authorization procedure required for the issuance of general obligation bonds issued for the same purpose to authorize a lease or a lease-purchase contract made payable from the debt service fund.

e. The board may authorize a lease or lease-purchase contract which is payable from the general fund and which would not cause the total of lease and lease-purchase payments of the county due from the general fund of the county in any future year for lease or lease-purchase contracts in force on the date of the authorization, excluding payments to exercise purchase options or to pay the expenses of operation or ownership of the property, to exceed ten percent of the last certified general fund budget amount in accordance with the following procedures:

(1) The board must follow substantially the authorization procedures of section 331.443 to authorize a lease or lease-purchase contract for personal property which is payable from the general fund. The board must follow substantially the authorization procedures of section 331.443 to authorize a lease or lease-purchase contract for real property which is payable from the general fund if the principal amount of the lease-purchase contract does not exceed the following limits:

(a) Four hundred thousand dollars in a county having a population of twenty-five thousand or less.

(b) Five hundred thousand dollars in a county having a population of more than twenty-five thousand but not more than fifty thousand.

(c) Six hundred thousand dollars in a county having a population of more than fifty thousand but not more than one hundred thousand.

(d) Eight hundred thousand dollars in a county having a population of more than one hundred thousand but not more than two hundred thousand.

(e) One million dollars in a county having a population of more than two hundred thousand.

(2) The board must follow the following procedures to authorize a lease or lease-purchase contract for real property which is payable from the general fund if the principal amount of the lease or lease-purchase contract exceeds the limits set forth in subparagraph (1):

(a) The board must institute proceedings for entering into a lease or lease-purchase contract payable from the general fund by causing a notice of the meeting to discuss entering into the lease or lease-purchase contract, including a statement of the principal amount and purpose of the lease or lease-purchase and the right to petition for an election, to be published as provided in section 331.305 at least ten days prior to the discussion meeting. No sooner than thirty days following the discussion meeting shall the board hold a meeting at which it is proposed to take action to enter into the lease or lease-purchase contract.

(b) If at any time before the end of the thirty-day period after which a meeting may be held to take action to enter into the lease or lease-purchase contract, a petition is filed with the auditor in the manner provided by section 331.306, asking that the question of entering into the lease or lease-purchase contract be submitted to the qualified electors of the county, the board shall either by resolution declare the proposal to enter into the lease or lease-purchase contract to have been

abandoned or shall direct the county commissioner of elections to call a special election upon the question of entering into the lease or lease-purchase contract. However, for purposes of this subparagraph, the petition shall not require signatures in excess of one thousand persons. The question to be placed on the ballot shall be stated affirmatively in substantially the following manner: Shall the county of _____ enter into a lease or lease-purchase contract in an amount of \$_____ for the purpose of _____? Notice of the election and its conduct shall be in the manner provided in section 331.442, subsections 2 through 4.

(c) If a petition is not filed or if a petition is filed and the proposition of entering into a lease or lease-purchase contract is approved at the election, the board may proceed and enter into the lease or lease-purchase contract.

f. The governing body may authorize a lease or lease-purchase contract payable from the net revenues of a county enterprise or combined county enterprise by following the authorization procedures of section 331.464.

g. A lease or lease-purchase contract to which a county is a party or in which a county has a participatory interest is an obligation of a political subdivision of this state for the purposes of chapters 502 and 682, and is a lawful investment for banks, trust companies, building and loan associations, savings and loan associations, investment companies, insurance companies, insurance associations, executors, guardians, trustees, and any other fiduciaries responsible for the investment of funds.

h. Property that is lease-purchased by a county is exempt under section 427.1, subsection 2.

i. A contract for construction by a private party of property to be leased or lease-purchased by a county is not a contract for a public improvement under section 331.341, subsection 1. However, if a lease-purchase contract is funded in advance by means of the lessor depositing moneys to be

administered by a county, with the county's obligation to make rent payments commencing with its receipt of moneys, a contract for construction of the property in question awarded by the county is a public improvement and is subject to section 331.341, subsection 1.

Sec. 2. Section 331.402, subsection 3, Code 1991, is amended by striking the subsection and inserting in lieu thereof the following:

3. A county may enter into loan agreements to borrow money for any public purpose in accordance with the following terms and procedures:

a. A loan agreement entered into by a county may contain provisions similar to those sometimes found in loan agreements between private parties, including, but not limited to, the issuance of notes to evidence its obligations.

b. A provision of a loan agreement which stipulates that a portion of the payments be applied as interest is subject to chapter 74A. Other laws relating to interest rates do not apply. Chapter 75 is not applicable. A county enterprise is a separate entity under this subsection, whether it is governed by the board or another governing body.

c. The board shall follow substantially the same authorization procedure required for the issuance of general obligation bonds issued for the same purpose to authorize a loan agreement made payable from the debt service fund.

d. The board may authorize a loan agreement which is payable from the general fund and which would not cause the total of scheduled annual payments of principal or interest or both principal and interest of the county due from the general fund of the county in any future year with respect to all loan agreements in force on the date of the authorization to exceed ten percent of the last certified general fund budget amount in accordance with the following procedures:

(1) The board shall follow substantially the authorization procedures of section 331.443 to authorize a loan agreement

for personal property which is payable from the general fund. The board must follow substantially the authorization procedures of section 331.443 to authorize a loan agreement for real property which is payable from the general fund if the principal amount of the loan agreement does not exceed the following limits:

(a) Four hundred thousand dollars in a county having a population of twenty-five thousand or less.

(b) Five hundred thousand dollars in a county having a population of more than twenty-five thousand but not more than fifty thousand.

(c) Six hundred thousand dollars in a county having a population of more than fifty thousand but not more than one hundred thousand.

(d) Eight hundred thousand dollars in a county having a population of more than one hundred thousand but not more than two hundred thousand.

(e) One million dollars in a county having a population of more than two hundred thousand.

(2) The board must follow the following procedures to authorize a loan agreement for real property which is payable from the general fund if the principal amount of the loan agreement exceeds the limits set forth in subparagraph (1):

(a) The board must institute proceedings for entering into a loan agreement payable from the general fund by causing a notice of the meeting to discuss entering into the loan agreement, including a statement of the principal amount and purpose of the loan agreement and the right to petition for an election, to be published as provided in section 331.305 at least ten days prior to the discussion meeting. No sooner than thirty days following the discussion meeting shall the board hold a meeting at which it is proposed to take action to enter into the loan agreement.

(b) If at any time before the end of the thirty-day period after which a meeting may be held to take action to enter into

the loan agreement, a petition is filed with the auditor in the manner provided by section 331.306 asking that the question of entering into the loan agreement be submitted to the qualified electors of the county, the board shall either by resolution declare the proposal to enter into the loan agreement to have been abandoned or shall direct the county commissioner of elections to call a special election upon the question of entering into the loan agreement. However, for purposes of this subparagraph, the petition shall not require signatures in excess of one thousand persons. The question to be placed on the ballot shall be stated affirmatively in substantially the following manner: Shall the county of _____ enter into a loan agreement in amount of \$ _____ for the purpose of _____? Notice of the election and its conduct shall be in the manner provided in section 331.442, subsections 2 through 4.

(c) If a petition is not filed or if a petition is filed and the proposition of entering into the loan agreement is approved at an election, the board may proceed and enter into the loan agreement.

e. The governing body may authorize a loan agreement payable from the net revenues of a county enterprise or combined county enterprise by following the authorization procedures of section 331.464.

f. A loan agreement to which a county is a party or in which a county has a participatory interest is an obligation of a political subdivision of this state for the purpose of chapters 502 and 682, and is a lawful investment for banks, trust companies, building and loan associations, savings and loan associations, investment companies, insurance companies, insurance associations, executors, guardians, trustees, and any other fiduciaries responsible for the investment of funds.

Sec. 3. Section 331.441, subsection 2, paragraph b, subparagraph (5), Code 1991, is amended to read as follows:

(5) Public buildings, including the site or grounds of, and the erection, equipment, remodeling, or reconstruction of, and additions or extensions to the buildings, and including the provision and maintenance of juvenile detention or shelter care facilities, when the cost does not exceed the following limits:

(a) ~~Two~~ Four hundred thousand dollars in a county having a population of twenty-five thousand or less.

(b) ~~Two~~ Five hundred ~~fifty~~ thousand dollars in a county having a population of more than twenty-five thousand but not more than fifty thousand.

(c) ~~Three~~ Six hundred thousand dollars in a county having a population of more than fifty thousand but not more than one hundred thousand.

(d) ~~Four~~ Eight hundred thousand dollars in a county having a population of more than one hundred thousand but not more than two hundred thousand.

(e) ~~Five-hundred-thousand~~ One million dollars in a county having a population of more than two hundred thousand.

Sec. 4. Section 364.4, subsection 4, Code 1991, is amended by striking the subsection and inserting in lieu thereof the following:

4. Enter into leases or lease-purchase contracts for real or personal property in accordance with the following terms and procedures:

a. A city shall lease or lease-purchase property only for a term which does not exceed the economic life of the property, as determined by the governing body.

b. A lease or lease-purchase contract entered into by a city may contain provisions similar to those sometimes found in leases between private parties, including, but not limited to, the obligation of the lessee to pay any of the costs of operation or ownership of the leased property and the right to purchase the leased property.

c. A provision of a lease or lease-purchase contract which stipulates that a portion of the rent payments be applied as interest is subject to chapter 74A. Other laws relating to interest rates do not apply. Chapter 75 is not applicable. A city utility or city enterprise is a separate entity under this subsection whether it is governed by the governing body of the city or another governing body.

d. The governing body must follow substantially the same authorization procedure required for the issuance of general obligation bonds issued for the same purpose to authorize a lease or a lease-purchase contract made payable from the debt service fund.

e. The governing body may authorize a lease or lease-purchase contract which is payable from the general fund and which would not cause the total of annual lease or lease-purchase payments of the city due from the general fund of the city in any future year for lease or lease-purchase contracts in force on the date of the authorization, excluding payments to exercise purchase options or to pay the expenses of operation or ownership of the property, to exceed ten percent of the last certified general fund budget amount in accordance with the following procedures:

(1) The governing body must follow substantially the authorization procedures of section 384.25 to authorize a lease or lease-purchase contract for personal property which is payable from the general fund. The governing body must follow substantially the authorization procedures of section 384.25 to authorize the lease or lease-purchase contract for real property which is payable from the general fund if the principal amount of the lease-purchase contract does not exceed the following limits:

(a) Four hundred thousand dollars in a city having a population of five thousand or less.

(b) Seven hundred thousand dollars in a city having a population of more than five thousand but not more than seventy-five thousand.

(c) One million dollars in a city having a population of more than seventy-five thousand.

(2) The governing body must follow the following procedures to authorize a lease or lease-purchase contract for real property which is payable from the general fund if the principal amount of the lease or lease-purchase contract exceeds the limits set forth in subparagraph (1):

(a) The governing body must institute proceedings to enter into a lease or lease-purchase contract payable from the general fund by causing a notice of the meeting to discuss entering into the lease or lease-purchase contract, including a statement of the principal amount and purpose of the lease or lease-purchase contract and the right to petition for an election, to be published at least once in a newspaper of general circulation within the city at least ten days prior to the discussion meeting. No sooner than thirty days following the discussion meeting shall the governing body hold a meeting at which it is proposed to take action to enter into the lease or lease-purchase contract.

(b) If at any time before the end of the thirty-day period after which a meeting may be held to take action to enter into the lease or lease-purchase contract, a petition is filed with the clerk of the city in the manner provided by section 362.4, asking that the question of entering into the lease or lease-purchase contract be submitted to the qualified electors of the city, the governing body shall either by resolution declare the proposal to enter into the lease or lease-purchase contract to have been abandoned or shall direct the county commissioner of elections to call a special election upon the question of entering into the lease or lease-purchase contract. However, for purposes of this subparagraph, the petition shall not require signatures in excess of one thousand persons. The question to be placed on the ballot shall be stated affirmatively in substantially the following manner: Shall the city of _____ enter into a lease or

lease-purchase contract in amount of \$___ for the purpose of ___? Notice of the election and its conduct shall be in the manner provided in section 384.26, subsections 2 through 4.

(c) If a petition is not filed or if a petition is filed and the proposition of entering into the lease or lease-purchase contract is approved at an election, the governing body may proceed and enter into the lease or lease-purchase contract.

f. The governing body may authorize a lease or lease-purchase contract payable from the net revenues of a city utility, combined utility system, city enterprise, or combined city enterprise by following the authorization procedures of section 384.83.

g. A lease or lease-purchase contract to which a city is a party or in which a city has a participatory interest is an obligation of a political subdivision of this state for the purposes of chapters 502 and 682, and is a lawful investment for banks, trust companies, building and loan associations, savings and loan associations, investment companies, insurance companies, insurance associations, executors, guardians, trustees, and any other fiduciaries responsible for the investment of funds.

h. Property that is lease-purchased by a city is exempt under section 427.1, subsection 2.

i. A contract for construction by a private party of property to be leased or lease-purchased by a city is not a contract for a public improvement under section 384.95, subsection 1, except for purposes of section 384.102. However, if a lease-purchase contract is funded in advance by means of the lessor depositing moneys to be administered by a city, with the city's obligations to make rent payments commencing with its receipt of moneys, a contract for construction of the property in question awarded by the city is subject to division VI of chapter 384.

Sec. 5. Section 384.24A, Code 1991, is amended by striking the section and inserting in lieu thereof the following:

384.24A LOAN AGREEMENTS.

A city may enter into loan agreements to borrow money for any public purpose in accordance with the following terms and procedures:

1. A loan agreement entered into by a city may contain provisions similar to those sometimes found in loan agreements between private parties, including, but not limited to, the issuance of notes to evidence its obligations.

2. A provision of a loan agreement which stipulates that a portion of the payments be applied as interest is subject to chapter 74A. Other laws relating to interest rates do not apply. Chapter 75 is not applicable. A city utility or city enterprise is a separate entity under this section whether it is governed by the governing body of the city or another governing body.

3. The governing body shall follow substantially the same authorization procedure required for the issuance of general obligation bonds issued for the same purpose to authorize a loan agreement made payable from the debt service fund.

4. The governing body may authorize a loan agreement which is payable from the general fund and which would not cause the total of scheduled annual payments of principal or interest or both principal and interest of the city due from the general fund of the city in any future year with respect to all loan agreements in force on the date of the authorization to exceed ten percent of the last certified general fund budget amount in accordance with the following procedures:

a. The governing body must follow substantially the authorization procedures of section 384.25 to authorize a loan agreement for personal property which is payable from the general fund. The governing body must follow substantially the authorization procedures of section 384.25 to authorize a loan agreement for real property which is payable from the

general fund if the principal amount of the loan agreement does not exceed the following limits:

(1) Four hundred thousand dollars in a city having a population of five thousand or less.

(2) Seven hundred thousand dollars in a city having a population of more than five thousand but not more than seventy-five thousand.

(3) One million dollars in a city having a population of more than seventy-five thousand.

b. The governing body must follow the following procedures to authorize a loan agreement for real property which is payable from the general fund if the principal amount of the loan agreement exceeds the limits set forth in paragraph "a":

(1) The governing body must institute proceedings to enter into a loan agreement payable from the general fund by causing a notice of the meeting to discuss entering into the loan agreement, including a statement of the principal amount and purpose of the loan agreement and the right to petition for an election, to be published at least once in a newspaper of general circulation within the city at least ten days prior to the discussion meeting. No sooner than thirty days following the discussion meeting shall the governing body hold a meeting at which it is proposed to take action to enter into the loan agreement.

(2) If at any time before the end of the thirty-day period after which a meeting may be held to take action to enter into the loan agreement, a petition is filed with the clerk of the city in the manner provided by section 362.4, asking that the question of entering into the loan agreement be submitted to the qualified electors of the city, the governing body shall either by resolution declare the proposal to enter into the loan agreement to have been abandoned or shall direct the county commissioner of elections to call a special election upon the question of entering into the loan agreement. However, for purposes of this paragraph, the petition shall

not require signatures in excess of one thousand persons. The question to be placed on the ballot shall be stated affirmatively in substantially the following manner: Shall the city of ___ enter into a loan agreement in amount of \$_____ for the purpose of _____? Notice of the election and its conduct shall be in the manner provided in section 384.26, subsections 2 through 4.

(3) If a petition is not filed or if a petition is filed and the proposition of entering into the loan agreement is approved at an election, the governing body may proceed and enter into the loan agreement.

5. The governing body may authorize a loan agreement payable from the net revenues of a city utility, combined utility system, city enterprise, or combined city enterprise by following the authorization procedures of section 384.83.

6. A loan agreement to which a city is a party or in which the city has a participatory interest is an obligation of a political subdivision of this state for the purposes of chapters 502 and 682, and is a lawful investment for banks, trust companies, building and loan associations, savings and loan associations, investment companies, insurance companies, insurance associations, executors, guardians, trustees, and any other fiduciaries responsible for the investment of funds.

Sec. 6. Section 384.26, subsection 5, paragraph a, subparagraphs (1), (2), and (3), Code 1991, are amended to read as follows:

(1) In cities having a population of five thousand or less, in an amount of not more than twenty-five four hundred thousand dollars.

(2) In cities having a population of more than five thousand and not more than seventy-five thousand, in an amount of not more than seventy-five seven hundred thousand dollars.

(3) In cities having a population in excess of seventy-five thousand, in an amount of not more than one hundred-fifty thousand million dollars.

Sec. 7. This Act is applicable to a lease, lease-purchase, or loan agreement entered into or general or essential purpose bonds issued on or after July 1, 1993.

MICHAEL E. GRONSTAL
President of the Senate

ROBERT C. ARNOULD
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 260, Seventy-fourth General Assembly.

JOHN F. DWYER
Secretary of the Senate

Approved April 27, 1992

TERRY E. BRANSTAD
Governor