

April 19, 1965.
Placed on Calendar.

Senate File 552
By COMMERCE COMMITTEE.

Passed Senate, Date 5/12 Passed House, Date 5/14
Vote: Ayes 53 Nays 1 Vote: Ayes 92 Nays 0

Approved May 27, 1965
deferred 5/6

A BILL FOR

substituted for HF 641 - 5/14
Staffing committee 5/14

An Act to amend chapter two hundred forty-seven (247), Acts of the Sixtieth General Assembly, to include improvement of and equipment of industrial projects as well as their construction.

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

1 Section 1. Section one (1) of chapter two hundred forty-seven
2 (247), Acts of the Sixtieth General Assembly, is hereby amended
3 by adding thereto the following subsection:

4 " 'Equip' means to install or place on or in any building or
5 structure or the site thereof equipment of any and every kind,
6 including, without limiting the generality of the foregoing, ma-
7 chinery, utility service connections, building service equipment,
8 fixtures, heating equipment, and air conditioning equipment."

1 Sec. 2. Section two (2) of chapter two hundred forty-seven
2 (247), Acts of the Sixtieth General Assembly, is hereby amended
3 as follows:

4 1. By inserting in line four (4) after the word "lease," the
5 words "and to improve and equip".

6 2. By inserting in line fourteen (14) after the word "acquir-
7 ing" the words ", improving, and equipping".

1 Sec. 3. This Act being deemed of immediate importance
2 shall take effect and be in force from and after its passage
3 and publication in the Marshalltown Times-Republican, a newspaper
4 published in Marshalltown, Iowa, and in the New Hampton Tribune,
5 a newspaper published in New Hampton, Iowa.

1 Amend Senate File 552 by striking all after the enacting clause
2 and inserting in lieu thereof the following:

3 "Section 1. Subsection two (2) of section one (1) of chapter
4 two hundred forty-seven (247), Laws of the Sixtieth General Assem-
5 bly, is hereby amended to read as follows:

6 "Project" means any land, buildings or improvements, whether
7 or not in existence at the time of issuance of the bonds issued
8 under authority of this Act, which shall be suitable for the use
9 of any industry or industries for the manufacturing, processing
10 or assembling of any agricultural or manufactured products, even
11 through such processed products may require further treatment
12 before delivery to the ultimate consumer. "Improve", "improving"
13 and "improvements" shall embrace any real property, personal pro-
14 perty or mixed property of any kind and every kind that can be used
15 or that will be useful in an industrial enterprise including,
16 without limiting the generality of the foregoing, rights of way,
17 roads, streets, sidings, foundations, tanks, structures, pipes,
18 pipelines, reservoirs, utilities, materials, equipment, fixtures,
19 machinery, furniture, furnishings, improvements, instrumentali-
20 ties and other real, personal or mixed property of every kind,
21 whether above or below ground level.

22 "Sec. 2. Section one (1) of chapter two hundred forty-seven
23 (247), Laws of the Sixtieth General Assembly, is hereby amended

24 by adding thereto the following new paragraphs:

25 "Equip" means to install or place on or in any building or
26 improvements or the site thereof equipment of any and every kind,
27 including, without limiting the generality of the foregoing, machin-
28 ery, utility service connections, building service equipment,
29 fixtures, heating equipment, and air conditioning equipment.

30 "Lessee" includes a single person, firm or corporation or any
31 two or more persons, firms or corporations which shall lease the
32 project as tenants-in-common of the entire project and each of
33 which such tenants-in-common shall severally undertake rental pay-
34 ment and other monetary obligations under the lease of the project
35 sufficient, together with the like undertakings of the other such
36 tenant-in-common, to satisfy the rental and other monetary obli-
37 gations required by this Act to be undertaken by the lessee of a
38 project.

39 "Sec. 3. Subsection one (1) of section two (2) of chapter
40 two hundred forty-seven (247), Laws of the Sixtieth General
41 Assembly, is hereby amended to read as follows:

42 "To acquire, whether by construction, purchase, gift or lease,
43 and to improve and equip, one or more projects. Such projects
44 shall be located within this state, may be located within or near
45 the municipality, but shall not be located more than eight miles
46 outside the corporate limits of the municipality, provided that
47 ancillary improvements or useful in connection with the
48 main project may be located more than eight miles outside the
49 corporate limits of the municipality."

50 "Sec. 4. Subsection three (3) of section two (2) of chapter
51 two hundred forty-seven (247), Laws of the Sixtieth General
52 Assembly, is hereby amended to read as follows:

53 "To issue revenue bonds for the purpose of defraying the cost
54 of acquiring, improving and equipping any project and to secure
55 payment of such bonds as provided in this Act."

56 "Sec. 5. Subsection two (2) of section three (3) of chapter
57 two hundred forty-seven (247), Laws of the Sixtieth General Assem-
58 bly, is hereby amended to read as follows:

59 "The bonds referred to in subsection one (1) of this section
60 may be executed and delivered at any time and from time to time;
61 be in such form and denominations; without limitation as to the
62 denomination of any bond, any other law to the contrary notwith-
63 standing; be of such tenor; be fully registered, registrable as
64 to principal or in bearer form; be transferrable; be payable in
65 such installments and at such time or times, not exceeding thirty
66 years from their date; be payable at such place or places in or
67 out of the State of Iowa; bear interest at such rate or rates,
68 payable at such place or places in or out of the State of Iowa;
69 be evidenced in such manner and may contain other provisions not
70 inconsistent herewith; all as shall be provided in respect of the
71 foregoing or other matters in the proceedings of the governing
72 body whereunder the bonds are authorized to be issued. The gov-
73 erning body may provide for the exchange of coupon bonds for ful-
74 ly registered bonds and of fully registered bonds for coupon bonds
75 and for the exchange of any such bonds after issuance for bonds
76 of larger or smaller denominations, all in such manner as may be
77 provided in the proceedings authorizing their issuance, provided

78 the bonds in changed form or denominations shall be exchanged for
79 the surrendered bonds in the same aggregate principal amounts and
80 in such manner that no overlapping interest is paid, and such
81 bonds in changed form or denominations shall bear interest at the
82 same rate or rates and shall mature on the same date or dates as
83 the bonds for which they are exchanged. Where any exchange is
84 made under this section, the bonds surrendered by the holders at
85 the time of the exchange shall be cancelled. The exchange shall
86 be made only at the request of the holders of the bonds to be
87 surrendered, and the governing body may require all expenses
88 incurred in connection with the exchange to be paid by the hold-
89 ers. In case any of the officers whose signatures appear on the
90 bonds or coupons shall cease to be officers before the delivery
91 of such bonds, such signatures shall, nevertheless, be valid and
92 sufficient for all purposes, the same as if they had remained in
93 office until delivery.'

94 "Sec. 6. Subsection three (3) of section three (3) of chapter
95 two hundred forty-seven (247), Laws of the Sixtieth General As-
96 sembly, is hereby amended to read as follows:

97 "Unless otherwise provided in the proceedings of the governing
98 body whereunder the bonds are authorized to be issued, bonds is-
99 sued under the provisions of this Act shall be subject to the
100 general provisions of law, presently existing or that may here-
101 after be enacted, respecting the execution and delivery of the
102 bonds of a municipality and respecting the retaining of options
103 of redemption in proceedings authorizing the issuance of municipal
104 securities.'

105 "Sec. 7. Subsection two (2) of section four (4) of chapter
106 two hundred forty-seven (247), Laws of the Sixtieth General As-
107 sembly, is hereby amended to read as follows:

108 "The proceedings under which the bonds are authorized to be
109 issued under the provisions of this Act, and any mortgage given
110 to secure the same, may contain any agreements and provisions
111 customarily contained in instruments securing bonds, including,
112 but not limited to:

- 113 a. Provisions respecting custody of the proceeds from the
114 sale of the bonds including their investment and reinvestment
115 until used to defray the cost of the project.
- 116 b. Provisions respecting the fixing and collection of rents
117 for any project covered by such proceedings or mortgage.
- 118 c. The terms to be incorporated in the lease of such project.
- 119 d. The maintenance and insurance of such project.
- 120 e. The creation, maintenance, custody, investment and rein-
121 vestment and use of special funds from the revenues of such pro-
122 ject, and
- 123 f. The rights and remedies available in case of a default
124 to the bond holders or to any trustee under the lease or a mort-
125 gage.

126 A municipality shall have the power to provide that proceeds
127 from the sale of bonds and special funds from the revenues of the
128 project shall be invested and reinvested in such securities and
129 other investments as shall be provided in the proceedings under
130 which the bonds are authorized to be issued including:

- 131 (1) Obligations issued or guaranteed by the United States;
- 132 (2) obligations issued or guaranteed by any person controlled
133 or supervised by and acting as an instrumentality of the United
134 States pursuant to authority granted by the Congress of the United
135 States;
- 136 (3) obligations issued or guaranteed by any state of the
137 United States, or the District of Columbia, or any political
138 subdivision of any such state or District;
- 139 (4) prime commercial paper;
- 140 (5) prime finance company paper;
- 141 (6) bankers acceptances drawn on and accepted by commercial
142 banks;
- 143 (7) repurchase agreements fully secured by obligations issued
144 or guaranteed by the United States or by any person controlled
145 or supervised by and acting as an instrumentality of the United
146 States pursuant to authority granted by the Congress of the
147 United States; and

148 (8) certificates of deposit issued by commercial banks;
149 whether or not such investment or reinvestment is authorized
150 under any other law of this state. The municipality shall also
151 have the power to provide that such proceeds or funds or invest-
152 ments and the rents payable under the lease shall be received,
153 held and disbursed by one or more banks or trust companies lo-
154 cated in or out of the State of Iowa. A municipality shall also
155 have the power to provide that the project and improvements shall
156 be constructed by the municipality, lessee, or the lessee's des-
157 ignee, or anyone or more of them on real estate owned by the
158 municipality, the lessee, or the lessee's designee, as the case
159 may be, that the bond proceeds shall be disbursed by the trustee
160 bank or banks, trust company or trust companies, during construc-
161 tion upon the estimate, order or certificate of the lessee or the
162 lessee's designee, and that the project, if and to the extent
163 constructed on real estate not owned by the municipality, shall be
164 conveyed to the municipality not later than its completion.

165 In making such agreements or provisions, a municipality shall
166 not have the power to obligate itself, except with respect to
167 the project and the application of the revenues therefrom, and
168 shall not have the power to incur a pecuniary liability or a
169 charge upon its general credit or against its taxing powers.'

170 "Sec. 8. Subsection two (2) of section five (5) of chapter
171 two hundred forty-seven (247), Laws of the Sixtieth General As-
172 sembly, is hereby amended by striking the period (.) in line four-
173 teen (14) thereof and inserting in lieu thereof the following:

174 'provided, however, that the foregoing amounts need not be
175 expressed in dollars and cents in the lease and proceedings
176 under which the bonds are authorized to be issued, but may be
177 set forth in the form of a formula or formulas.'

178 "Sec. 9. Section eleven (11) of chapter two hundred forty-
179 seven (247) of the Laws of the Sixtieth General Assembly, is here-
180 by amended by adding at the end the following two sen-
181 tences:

182 'If and to the extent the proceedings under which the bonds
183 authorized to be issued under the provisions of this Act so pro-
184 vide, the municipality may agree to cooperate with the lessee of
185 a project in connection with any administrative or judicial pro-
186 ceedings for determining the validity or amount of any such pay-

187 ments and may agree to appoint or designate and reserve the right
188 in and for such lessee to take all action which the municipality
189 may lawfully take in respect of such payments and all matters
190 relating thereto, provided, however, that such lessee shall bear
191 and pay all costs and expenses of the municipality thereby incurred
192 at the request of such lessee or by reason of any such action
193 taken by such lessee in behalf of the municipality. Any lessee
194 of a project which has paid, as rentals additional to those re-
195 quired to be paid pursuant to section five (5) of this Act, the
196 amounts required by the first sentence of this section eleven
197 (11) to be paid by the municipality shall not be required to pay
198 any such taxes to the state or to any such county, city, town,
199 school district or other political subdivision, any other statute
200 to the contrary notwithstanding.'

201 "Sec. 10. Section fifteen (15) of chapter two hundred forty-
202 seven (247), Laws of the Sixtieth General Assembly, is hereby
203 amended by renumbering section 15 thereof as section 16 and adding a
204 new section 15 thereof reading as follows:

205 '15. No action shall be brought questioning the legality of
206 any contract, lease, mortgage, proceedings or bonds executed in
207 connection with any project or improvements authorized by this
208 Chapter from and after three (3) months from the time the bonds
209 are ordered issued by the proper authority.'

210 "Sec. 11. This Act being deemed of immediate importance shall
211 take effect and be in force from and after its passage and publi-
212 cation in the Telegraph Herald, a newspaper published
213 in Dubuque, Iowa, and in the New Hampton Tribune,
214 a newspaper published in New Hampton, Iowa."

Filed
May 6, 1965.

adopted 5/12

By FROMMELT and RIGLER.

SENATE FILE 552

- 1 Senate File 552 is hereby amended by striking from the title
- 2 all after the word "Act" and inserting in lieu thereof the fol-
- 3 lowing:
- 4 "relating to the acquisition and development of industrial
- 5 projects by municipalities and the issuance of revenue bonds
- 6 by cities and towns to finance the same."

Filed
May 7, 1965.

adopted 5/12

By FROMMELT.