

March 10, 1969

HOUSE FILE 436

Place on Calendar

*Sen. State Govt. 3-12
Commerce 3-20, Pass as amended 3-26*

By COMMITTEE ON
STATE GOVERNMENT

Passed House, Date *3-12-69* Passed Senate, Date *4-17-69*

Vote: Ayes *112* Nays *3* Vote: Ayes *41* Nays *15*

Approved *May 6, 1969*

*Passed House 4-25-69 as amended
by Senate 104-2.*

A BILL FOR

1 An Act relating to the issuance of public warrants to cover
 2 anticipated deficiencies in a fund and raising the permis-
 3 sible rate of interest which unpaid public warrants draw.
 4 *Be It Enacted by the General Assembly of the State of Iowa:*
 5 Section 1. Chapter seventy-four (74), Code 1966, is hereby
 6 amended by adding thereto the following new section:
 7 "Whenever a municipality, as defined in section twenty-four
 8 point two (24.2) of the Code, shall determine that there are
 9 not or will not be sufficient funds on hand to pay obligations
 10 of a fund and that it will be in the best interests of the
 11 municipality to provide for the payment of present and future
 12 obligations, one or more warrants may be drawn in an amount or
 13 amounts believed to be sufficient to cover anticipated defi-
 14 ciencies payable to a bank or banks by arrangement made by the
 15 treasurer, who shall follow the procedures of section twenty-
 16 four point two (24.2) of the Code. The provisions of this
 17 chapter shall be applicable thereto. Such anticipatory war-
 18 rants shall not be drawn in an amount or amounts greater than
 19 the balance then remaining in the fund as it was certified in
 20 accordance with chapter twenty-four (24) of the Code and any
 21 maturity date on said anticipatory warrant or warrants shall
 22 not provide for less than a thirty-day obligation or extend
 23 beyond the fiscal year of the municipality. In the event that
 24 all or any part of a warrant remains unpaid for want of funds
 25 at the end of a fiscal year, the municipality shall make

- 1 provision for the payment of the deficiency in its next budget
- 2 for the fund involved, but any member or members of the govern-
- 3 ing body may be held personally liable to the municipality in
- 4 the amount of an excess for knowingly and willfully permitting
- 5 such an excess warrant to have been drawn."
- 6 Sec. 2. Amend section seventy-four point two (74.2), Code
- 7 1966, as follows:
- 8 1. By striking from line eight (8) the word "four" and
- 9 inserting in lieu thereof the word "five".
- 10 2. By striking from line nine (9) the word "four" and
- 11 inserting in lieu thereof the word "five".

EXPLANATION OF HOUSE FILE 436

This bill will greatly simplify the procedures for public treasurers and banks where public bodies are certain that a large number of warrants will be unpaid. Other states, Wisconsin and Illinois, for example, have similar provisions in their laws. Legislative research committees of our legislature have adopted the higher rate of 5 percent (See Senate Files 16 and 17 and House Files 16 and 17). Of course, a lower rate may be arranged.

FISCAL NOTE

HOUSE FILE 436

Date prepared March 28, 1969

Requested by Senator Clarke.

Prepared in regard to House File 436, a bill for an act relating to issuance of public warrants to cover anticipated deficiencies in a fund and raising permissible rate of interest which unpaid warrants draw.

Following is the fiscal effect in dollars of the legislative proposal as required by Rule 47:

Estimated Additional Cost if Interest Rate is increased from 4 to 5%

	Estimated Annual Interest Paid at 4% Figure not available	Estimated Annual Additional Cost at 5% Figures not available
Counties		
Cities	\$ 13,670(A)	\$ 3,418
Towns	3,540(B)	885
School Boards	341,619(C)	85,404
	\$359,829	\$89,707

Note: Estimated annual additional cost is based on the borrowing being the same in volume and the period of the borrowings remaining the same, about 90 days. These figures were secured in association with the League of Iowa Municipalities.

(A) As of 12-31-67

(B) As of 12-31-67

(C) As of 6-30-68 (Department of Public Instruction)

Filed
April 3, 1969

GERRY D. RANKIN
Legislative Fiscal Director

1 Amend House File 436 by striking all after the
2 enacting clause and inserting in lieu thereof:
3 Section 1. Section seventy-four point one (74.1), Code
4 1966, is hereby amended by adding the following:
5 "This chapter and its procedures shall also apply when-
6 ever a municipality, as defined in section twenty-four point
7 two (24.2) of the Code, shall determine that there are not or
8 will not be sufficient funds on hand to pay the legal obli-
9 gations of a fund, said municipality is authorized to provide
10 for the payment of such present and future obligations by
11 drawing one or more anticipatory warrants payable to a bank
12 or banks in an amount or amounts legally available and believed
13 to be sufficient to cover the anticipated deficiencies."
14 Sec. 2. Section seventy-four point two (74.2), Code 1966,
15 is hereby amended as follows:
16 1. By striking the word "four" in line eight (8) and
17 inserting in lieu thereof the word "five".
18 2. By striking the word "four" in line nine (9) and in-
19 serting in lieu thereof the word "five".
20 Sec. 3. This Act, being deemed of immediate importance,
21 shall take effect and be in force from and after its publica-
22 tion in The New Hampton Tribune, a newspaper published in
23 New Hampton, Iowa, and in The Cedar Rapids Gazette, a
24 newspaper published in Cedar Rapids, Iowa.

Filed - *Adopted as amended 4-10*
March 26, 1969 *House Concurred*
4-25

By COMMITTEE ON COMMERCE

1 Amend House File 436 by adding the following new section
2 after page 2, line 11:
3 Section three hundred ninety-one A point twenty-two
4 (391A.22), Code 1966, is hereby amended by striking from
5 line twelve (12), the words "the rate of four" and inserting
6 in lieu thereof the words "a rate set not to exceed six".

Filed - *Withdrawn 4-10*
April 8, 1969

By GRIFFIN

FISCAL NOTE
HOUSE FILE 436

Date prepared April 14, 1969

Requested by Senator Weimer.
Prepared in regard to House File 436 as amended April 10, 1969.
Following is the fiscal effect in dollars of the legislative proposal as
required by Rule 47: No cost estimate available.
Revised as amended.

Filed
April 14, 1969

GERRY D. RANKIN
Legislative Fiscal Director

- 1 Amend the committee amendment to House File 436,
- 2 dated March 26, line nine (9), by striking the words
- 3 "fund, said" and inserting in lieu thereof "fund. Said".

Filed - Adopted 4-10
April 8, 1969

House concurred 4-25

By RIGLER

- 1 Amend the commerce committee amendment to House File
- 2 436 by adding the following new section after subsection
- 3 2 of section 2:
- 4 Section three hundred ninety-one A point twenty-two
- 5 (391A.22), Code 1966, is hereby amended by striking from
- 6 line twelve (12), the words "the rate of four" and inserting
- 7 in lieu thereof the words "a rate set not to exceed six".

Filed and Adopted
April 10, 1969

*House
concurred
4-25*

By GRIFFIN

FISCAL NOTE
HOUSE FILE 436

Date prepared March 28, 1969

Requested by Senator Rigler.

Prepared in regard to Senate File 449 companion to House File 436, a bill for an act providing for the issuance of warrants by a municipality to cover anticipated deficiencies in a fund and to raise the permissible rate of interest which unpaid warrants draw.

Following is the fiscal effect in dollars of the legislative proposal as required by Rule 47:

	Estimated Annual Interest Paid at 4% Figure not available	Estimated Annual Additional Cost at 5% Figures not available
Counties	\$ 13,670 (A)	\$ 3,418
Cities	3,540 (B)	885
Towns	341,619 (C)	85,404
School Boards		
	\$359,829	\$89,707

Note: Estimated annual additional cost is based on the borrowing being the same in volume and the period of the borrowings remaining the same, about 90 days. These figures were secured in association with the League of Iowa Municipalities.

(A) As of 12-31-67

(B) As of 12-31-67

(C) As of 6-30-68 (Department of Public Instruction)

Filed
April 4, 1969

GERRY D. RANKIN
Legislative Fiscal Director