

FILED FEB 16 1972
Cities & Towns 2/16/72

SENATE FILE 1158
BY COMMITTEE ON IOWA DEVELOPMENT

Passed Senate, Date 3-6-72 Passed House, Date 3-22-72
Vote: Ayes 40 Nays 1 Vote: Ayes 85 Nays 1

Approved _____

*Referred Senate w/o House amendment
3-22-72
ayes 46 nays 0*

A BILL FOR

1 An Act authorizing cities and towns to acquire, improve, equip
2 and lease pollution control facilities, and issue revenue
3 bonds in connection therewith.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section four hundred nineteen point one (419.1),
2 subsection two (2), Code 1971, is amended to read as follows:

3 2. "Project" means (a) any land, buildings or improve-
4 ments, whether or not in existence at the time of issuance
5 of the bonds issued under authority of this chapter, which
6 shall be suitable for the use of any private college or uni-
7 versity, whether for the establishment or maintenance of such
8 college or university, or of any industry or industries for
9 the manufacturing, processing or assembling of any agricul-
10 tural or manufactured products, even though such processed
11 products may require further treatment before delivery to
12 the ultimate consumer, or (b) pollution control facilities
13 which shall be suitable for use by any industry, commercial
14 enterprise or utility. "Pollution control facilities" means
15 any land, buildings, structures, equipment, pipes, pumps, dams,
16 reservoirs, improvements, or other facilities useful for the
17 purpose of reducing, preventing, or eliminating pollution
18 of the water or air by reason of the operations of any
19 industry, commercial enterprise or utility. "Improve",
20 "improving" and "improvements" shall embrace any real prop-
21 erty, personal property or mixed property of any and every
22 kind that can be used or that will be useful in a private
23 college or university enterprise or an industrial enterprise
24 or as pollution control facilities for any industry, com-
25 mmercial enterprise or utility including, without limiting
26 the generality of the foregoing, rights of way, roads, streets,
27 sidings, foundations, tanks, structures, pipes, pipe lines,
28 reservoirs, utilities, materials, equipment, fixtures,
29 machinery, furniture, furnishings, improvements,
30 instrumentalities and other real, personal or mixed property
31 of every kind, whether above or below ground level.

32 Sec. 2. Section four hundred nineteen point two (419.2),
33 unnumbered paragraph one (1) and subsection two (2), Code
34 1971, are amended to read as follows:

35 In addition to any other powers which it may now have, in

1 the event that local capital is not available for the de-
2 velopment of industrial projects, pollution control proj-
3 ects, or private college or university projects, each muni-
4 cipality shall have the following powers:

5 2. To lease to others any or all of its projects for such
6 rentals and upon such terms and conditions as the governing
7 body may deem advisable but in no case shall the rentals be
8 less than the average rental cost per-square-foot for like
9 or similar facilities within the competitive commercial area.

10 Sec. 3. Section four hundred nineteen point eight (419.8),
11 Code 1971, is amended to read as follows:

12 419.8 NO PAYMENT BY MUNICIPALITY. No municipality shall
13 have the power to pay out of its general fund or otherwise
14 contribute any part of the costs of acquiring a project and
15 shall not have the power to use land already owned by the
16 municipality, or in which the municipality has an equity,
17 unless specifically acquired for development of a private
18 college or university or for industrial development or for
19 pollution control facilities or unless the land is determined
20 by the municipal governing body to no longer be necessary
21 for municipal purposes, for the construction thereon of a
22 project or any part thereof. The entire cost of acquiring
23 any project must be paid out of the proceeds from the sale
24 of bonds issued under the authority of this chapter, but this
25 provision shall not be construed to prevent a municipality
26 from accepting donations of property to be used as a part
27 of any project or money to be used for defraying any part
28 of the cost of any project.

29 Sec. 4. Section four hundred nineteen point eleven
30 (419.11), Code 1971, is amended to read as follows:

31 419.11 TAX EQUIVALENT TO BE PAID--ASSESSMENT PROCEDURE-
32 -APPEAL. Any municipality acquiring, purchasing, constructing,
33 reconstructing, improving or extending any industrial build-
34 ings or pollution control facilities, as provided in this
35 chapter, shall annually pay out of the revenue from such

1 industrial buildings or pollution control facilities to the
2 state of Iowa and to the city, town, school district and any
3 other political subdivision, authorized to levy taxes, a sum
4 equal to the amount of tax, determined by applying the millage
5 rate of the taxing district to the assessed value of the
6 property, which the state, county, city, town, school district
7 or other political subdivision would receive if the property
8 were owned by any private person or corporation, any other
9 statute to the contrary notwithstanding. For purposes of
10 arriving at such tax equivalent, the property shall be valued
11 and assessed by the assessor in whose jurisdiction the property
12 is located, in accordance with chapter 441, but the
13 municipality, the lessee on behalf of the municipality, and
14 such other persons as are authorized by chapter 441 shall
15 be entitled to protest any assessment and take appeals in
16 the same manner as any taxpayer. Such valuations shall be
17 included in any summation of valuations in the taxing district
18 for all purposes known to the law. Income from this source
19 shall be considered under the provisions of section 24.3,
20 subsection 1. If and to the extent the proceedings under
21 which the bonds authorized to be issued under the provisions
22 of this chapter so provide, the municipality may agree to
23 co-operate with the lessee of a project in connection with
24 any administrative or judicial proceedings for determining
25 the validity or amount of any such payments and may agree
26 to appoint or designate and reserve the right in and for such
27 lessee to take all action which the municipality may lawfully
28 take in respect of such payments and all matters relating
29 thereto, provided, however, that such lessee shall bear and
30 pay all costs and expenses of the municipality thereby incurred
31 at the request of such lessee or by reason of any such action
32 taken by such lessee in behalf of the municipality. Any
33 lessee of a project which has paid, as rentals additional
34 to those required to be paid pursuant to section 419.5, the
35 amounts required by the first sentence of this section to

1 be paid by the municipality shall not be required to pay any
2 such taxes to the state or to any such county, city, town,
3 school district or other political subdivision, any other
4 statute to the contrary notwithstanding. This section shall
5 not be applicable to any municipality acquiring, purchasing,
6 constructing, reconstructing, improving, or extending any
7 buildings for the purpose of establishing, maintaining, or
8 assisting any private college or university.

9 Sec. 5. This Act, being deemed of immediate importance,
10 shall take effect and be in force from and after its publica-
11 tion in the Globe-Gazette, a newspaper published in Mason
12 City, Iowa, and in The Clear Lake Mirror-Reporter, a news-
13 paper published in Clear Lake, Iowa.

14 EXPLANATION

15 Chapter 419 of the Code authorizes cities and towns to
16 issue Industrial Development Revenue Bonds under certain
17 conditions and for limited purposes: i.e. to finance proj-
18 ects to be used for manufacturing and processing or for the
19 establishment of a college or university. Recent changes
20 in the provision of the Internal Revenue Code affecting the
21 tax exemption of this type of bond made specific exceptions
22 to bonds of this type issued to finance construction of air
23 and water pollution control facilities. To expand the pur-
24 poses for which cities and towns may issue industrial reve-
25 nue bonds to include pollution control facilities and to
26 follow the current provisions of Section 103 IRC is the rea-
27 son for this amendment.

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House

1 Amend Senate File 1158, as passed by the Senate,
2 on page 5, by inserting after line 8 the following
3 new paragraph:
4 "The payment, collection, and apportionment of the
5 tax equivalent shall be subject to the provisions of
6 chapters 445, 446, and 447 of the Code."

Filed - *Adopted 3/22/72 (1328)* By SCHROEDER of Pottawattamie
March 10, 1972 CAMP of Clinton

1 Amend Senate File 1158 as follows:
2 1. Page 5, by adding before line 9 the following
3 new section:
4 Sec. 5. Section four hundred fifty-five C point
5 four (455C.4), subsection two (2), Code 1971, is
6 amended to read as follows:
7 2. An agreement by the commission to pay to the
8 municipality, during the progress of construction
9 or following completion of the construction as may
10 be agreed upon by the parties, an amount equal to
11 ~~one-half-of-that-portion-of-the-actual-cost-of-the~~
12 ~~project, or the reasonable cost of the project as~~
13 ~~determined by the commission, whichever is less, that~~
14 ~~is not paid by the federal government but not less~~
15 ~~than twenty-five percent of the cost as determined~~
16 that portion of the reasonable cost of the project
17 which the state must agree to pay in order to obtain
18 maximum federal pollution abatement assistance.
19 2. By renumbering the remaining section.
20 3. Page 1, amend the title by striking all after
21 the word "Act" on line 1, and inserting in lieu thereof
22 the words "relating to certain municipalities'
23 pollution control facilities and sewage construction
24 projects."

Filed - *Adopted 3/22/72 (1329)* By WELDEN of Hardin
March 21, 1972 *Senate concurred 3/22/72*