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State Government 3/31

SENATE FILE 442

By RILEY

Passed Senate, Date 5-7-71 Passed House, Date 5-31-71
Vote: Ayes 46 Nays 0 Vote: Ayes 79 Nays 0
Approved 5-27-71

A BILL FOR

1 An Act relating to the investment of funds of public bodies.

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

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1 Section 1. Chapter four hundred fifty-three (453), Code
2 1971, is amended by adding the following new sections:

3 1. "Pending application to the purpose for which
4 authorized, all or any portion of the proceeds of bonds issued,
5 the proceeds from the levy of a schoolhouse tax authorized
6 by the voters under section two hundred seventy-eight point
7 one (278.1), subsection seven (7), of the Code, and the
8 proceeds from the levy of taxes under section two hundred
9 ninety-seven point five (297.5) of the Code, may be invested
10 by a school corporation in obligations of, or guaranteed by,
11 the United States government or any of its agencies, or
12 deposited as time deposits as provided in this chapter, whether
13 or not the bonds were issued or the proceeds derived before
14 or after the effective date of this section. Earnings derived
15 from the investments and interest derived from the deposits
16 shall be transferred to the general fund of the school
17 corporation from time to time, as ordered by its board of
18 directors, unless the voters of the school corporation
19 authorize a different use as provided in this section. The
20 board of directors of a school corporation may submit to the
21 qualified voters of the school corporation at a regular or
22 special election a proposition in substantially the following
23 form:

24 Shall the (insert name of school corporation) be autho-
25 rized to use the sum of (insert amount) dollars derived
26 from the investment and deposit of moneys in the school-
27 house fund for the purchase of grounds, the construction
28 of schoolhouses, the payment of debts contracted for the
29 erection of schoolhouses, not including interest on bonds,
30 and the procuring of libraries for and the opening of
31 roads to schoolhouses?

32 The election shall be conducted as provided in chapter two
33 hundred seventy-seven (277) of the Code, and the proposition
34 is carried and approved if the vote in favor of the proposition
35 is equal to at least a majority of the votes cast for and

1 against the proposition. A school corporation shall not
2 submit a proposition to the voters as provided in this section
3 oftener than once every six months."

4 2. "Pending application to the purpose for which autho-
5 rized, all or any portion of the proceeds of bonds issued
6 before or after the effective date of this section by any
7 county, city, town, merged area school corporation, public
8 authority, public district or other public body may be invested
9 in obligations of, or guaranteed by, the United States govern-
10 ment or any of its agencies, or deposited as time deposits
11 as provided in this chapter. Earnings derived from the invest-
12 ments and interest derived from the deposits shall be trans-
13 ferred to the general fund of the public body from time to
14 time, as ordered by its governing body, unless the voters
15 authorize a different use as provided in this section. The
16 governing body of the public body may submit to the qualified
17 voters of the public body at a general, regular, or special
18 election a proposition in substantially the following form:

19 Shall the (insert name of public body) be authorized to
20 use the sum of (insert amount) dollars derived from the
21 investment and deposit of the proceeds of bonds issued
22 by said (insert name of public body) during the year (insert
23 year) for the same purpose or purposes for which the bonds
24 were issued?

25 Notice of the submission of the proposition shall be given
26 by publication once each week for at least three consecutive
27 weeks in a newspaper published and of general circulation
28 in the public body, or if there is none, in a newspaper of
29 general circulation in the public body, the last publication
30 of the notice to be not less than five nor more than twenty
31 days prior to the date of the election. The notice shall
32 state the date of the election, the hours of opening and
33 closing the polls and the location of the polls, and the
34 question to be submitted. Such notice is sufficient and in
35 lieu of any notice required by any other statute. Except

1 as otherwise provided in this section, the laws relating to
2 the conduct of general elections apply to and govern an
3 election held under the provisions of this section. The
4 proposition is carried and approved if the vote in favor of
5 the proposition is equal to at least a majority of the votes
6 cast for and against the proposition. A public body shall
7 not submit a proposition to the voters as provided in this
8 section oftener than once every six months."

9 Sec. 2. This Act, being deemed of immediate importance,
10 shall take effect and be in force from and after its publica-
11 tion in _____, a newspaper published in
12 _____, Iowa, and in _____, a newspaper
13 published in _____, Iowa.

14 EXPLANATION

15 There appear to be differences of opinion concerning Chapter
16 453 with respect to the investment of proceeds from bond
17 issues and taxes authorized by direct vote of the people.

18 In order to clarify this matter, this bill permits school
19 districts, counties, cities, towns, and other public bodies
20 to invest the proceeds and, upon approval of the voters, to
21 use the income for construction programs and related purposes.

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Senate

1 Amend Senate File 442, page 3, line 8, by inserting
2 after the word "body" the following words "referred to
3 in section four hundred fifty-three point one (453.1),
4 Code 1971, except a school corporation covered by sub-
5 section one (1) of this section,".

Filed - *WD 5/7*
April 28, 1971

By RILEY

1 Amend Senate File 442 as follows:
2 1. By striking all after the enacting clause and inserting
3 in lieu thereof the following:
4 "Section 1. Chapter four hundred fifty-three (453), Code
5 1971, is amended by adding the following new section:
6 "INVESTMENT OF FUNDS BY SCHOOL CORPORATIONS.
7 The board of directors of a school corporation may invest
8 any portion of the proceeds of bonds issued and not currently
9 needed in United States government bonds or make time deposits
10 as provided in this chapter.
11 Earnings and interest from investments authorized by this
12 section may be used to retire the bonded indebtedness or may
13 be credited to the schoolhouse fund for the purpose of fi-
14 nancing the construction or equipping of the school building
15 for which the bonds were sold."
16 Sec. 2. This Act shall apply to the use and crediting
17 of earnings and investments of the proceeds from bonds issued
18 prior to the effective date of this Act.
19 2. Amend the title by striking all of line 1 after the
20 word "investment" and inserting in lieu thereof the following:
21 "of public funds from the sale of school bonds."

Filed - *Amended as adopted 5/7* By DeKOSTER
May 5, 1971

1 Amend the De Koster amendment filed May 5, 1971 to
2 Senate File 442, by striking all of line 12 and inserting
3 in lieu thereof the following: "section shall be used either
4 to retire the bonded indebtedness or to".

Filed and Adopted
May 7, 1971

By DE KOSTER