

Sen. State Gov. 4/25 *Pass 3/12*

FEB 8 1973

House File 155  
Murray, Chairman  
Schwengels  
Hill

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Hill

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E FILE 155

Place On Calendar

By COMMITTEE ON TRANSPORTATION

*Reconsidered -  
Passed House - 4-23-73 (965)  
84-8*

Passed House, Date 2-23-73 (409) Passed Senate, Date 5-1-74 (1822)

Vote: Ayes 73 Nays 19 Vote: Ayes 43 Nays 0

Approved 5-27-74

*Motion to reconsider 2-23  
motion prevailed 4/23  
Repassed House per Scott amend.  
5-1-74 (2273)  
92-0*

# A BILL FOR

1 An Act relating to the sale of unused right of way by the state  
2 highway commission by land contract, providing for the pay-  
3 ment of interest thereon, and the taxation of land sold on  
4 contract.

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

6 Section 1. Section three hundred six point twenty-two  
7 (306.22), Code 1973, is amended to read as follows:

8 306.22 SALE OF UNUSED RIGHT OF WAY. When title to any  
9 tract or parcel of land has been or may hereafter be acquired  
10 for the improvement of any highway, and when in the judgment  
11 of the board or commission in control of said highway, said  
12 tract or parcel of land, or part thereof, is not now and will  
13 not hereafter be used in connection with or for the improve-  
14 ment, maintenance, or use of said highway, the board or commis-  
15 sion in control of such highway may sell said tract, parcel,  
16 or piece of land, or any part thereof, for cash. The state  
17 highway commission may, with a minimum down payment of ten  
18 percent of the purchase price, contract for the sale of any  
19 such tract, parcel or piece of land, or part thereof, and  
20 improvements thereon, with an appraised value of not less than  
21 five thousand dollars, for a term not to exceed ten years, and  
22 charge the prevailing interest rate paid on contract land sales  
23 by commercial lenders in the county or general area in which  
24 the land which is the subject of the contract is located. Any  
25 such tract, parcel or piece of land or part thereof, and

1 improvements thereon, sold on contract shall be listed on the  
 2 tax rolls by and taxed to the contract purchaser, as provided in  
 3 chapters four hundred twenty-eight (428) and four hundred forty-  
 4 three (443) of the Code; assessed and valued as provided in  
 5 chapter four hundred forty-one (441) of the Code; taxes levied  
 6 thereon as provided in chapter four hundred forty-four (444) of  
 7 the Code; collected as provided in chapter four hundred forty-  
 8 five (445) of the Code; and subject to tax sale, redemption,  
 9 and apportionment of taxes as provided in chapters four hundred  
 10 forty-six (446), four hundred forty-seven (447) and four  
 11 hundred forty-eight (448) of the Code. It shall be the duty  
 12 of the contract purchaser to discharge and pay all such taxes.  
 13 If such tract, parcel, or piece of land or part thereof is held  
 14 or used in connection with any primary road, or state park or  
 15 institutional road, such sale shall be subject to approval of  
 16 the executive council of the state of Iowa.

17 In the event any such tract or parcel of land is sold, such  
 18 sale shall be subject to the right of a utility association,  
 19 company or corporation to continue in possession of a right of  
 20 way in use at the time of such sale.

21 EXPLANATION

22 The present law provides that unused right of way which has  
 23 been acquired for highways may be sold for cash. This bill  
 24 provides that the State Highway Commission may sell the  
 25 property under a land contract, with a minimum of 10% down  
 26 payment if the property has an appraisal value of not less than  
 27 \$5,000. This bill is intended to increase the number of  
 28 prospective purchasers eligible to make offers to purchase such  
 29 tracts and to eliminate artificial reductions in offers to  
 30 purchase caused by present immediate cash payment requirements  
 31 for such land sales.

32  
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H-39

1 Amend House File 155, page 2, by inserting after  
2 line 12, the following new sentences:  
3 The commission may sell and transfer its interest  
4 in any such contract for a reasonable consideration  
5 based upon commercial rates for similar transactions  
6 prevailing in the state at the time of the sale.  
7 The sale and transfer of any such contract shall be  
8 subject to the approval of the executive council.

Filed *Withdrawn 2/23*  
February 12, 1973

By CLARK of Dubuque

H-49

1 Amend House File 155, page 2, by inserting after  
2 line 12, the following new sentence:  
3 If a cash offer has been submitted to the state  
4 highway commission for any tract, parcel, or piece  
5 of land, or any part thereof, it intends to sell  
6 under contract, the commission shall not award a  
7 contract for sale of the tract, parcel, or piece  
8 of land, or any part thereof, unless the principal  
9 amount of the contract offer is one hundred ten  
10 percent of the amount of the largest cash offer  
11 submitted for that tract, parcel, or piece of land.

Filed - *Adopted 2/23*  
February 14, 1973

*Withdrawn 7/23* By HOLDEN of Scott

FISCAL NOTE  
HOUSE FILE 155

Date prepared February 27, 1973

Requested by Committee on Transportation.

Prepared in regard to H.F. 155 - An Act relating to the sale of unused right of way by the state highway commission by land contract, providing for the payment of interest thereon, and the taxation of land sold on contract. Following is the fiscal effect in dollars of the legislative proposal as required by House Rule 48.

The estimated amount would be negligible.

The Right of Way Division of the Highway Commission would like this as a tool, on a limited basis, to obtain a better selling price for parcels that are difficult to sell.

Source: Mr. Johnson,  
Highway Commission

Filed  
February 27, 1973

GERRY D. RANKIN  
Legislative Fiscal Director

SENATE AMENDMENT TO HOUSE FILE 155

1 Amend House File 155, as amended and passed by the  
2 House, as follows:  
3 1. Page 1, line 10, by inserting after the word  
4 "the" the words "construction or".  
5 2. Page 2, line 2, by striking the word "ten"  
6 and inserting in lieu thereof the word "five".

Received from the Senate and  
concurring in by the House  
May 1, 1974

1 Amend House File 155 by striking everything after  
2 the enacting clause and inserting in lieu thereof the  
3 following:

4 Section 1. Section three hundred six point twenty-  
5 two (306.22), Code 1973, is amended by striking the  
6 section and inserting in lieu thereof the following:

7 306.22 SALE OF UNUSED RIGHT OF WAY. When title to  
8 any tract of land has been or may be acquired for the  
9 improvement of any highway, and when in the judgment  
10 of the board or commission in control of the highway,  
11 the tract will not be used in connection with or for  
12 the improvement, maintenance, or use of the highway,  
13 the board or commission in control of the highway may  
14 sell the tract for cash. If the tract of land is held  
15 or used in connection with any primary road, or state  
16 park or institutional road, the sale shall be subject  
17 to approval of the executive council of the state.

18 The state highway commission may contract for the  
19 sale of any tract of land subject to the following  
20 terms and conditions:

21 1. The discounted present market value of the  
22 contract offer, including the cash down payment, shall  
23 exceed one hundred ten percent of the highest cash  
24 offer submitted for the tract if a cash offer is re-  
25 ceived. The discount rate shall be the rate of  
26 interest stated in the contract.

27 2. The cash down payment shall be equal to or in  
28 excess of ten percent of the total purchase price.

29 3. The term of the contract shall not exceed ten  
30 years.

31 4. The rate of interest stated in the contract  
32 shall not be less than the prevailing rate of interest  
33 charged on contract land sales by sellers in the county  
34 or general area in which the tract of land is located.

35 5. The state highway commission shall advertise  
36 for cash bids and contract offers before accepting  
37 a contract offer.

38 6. The appraised value of property sold under a  
39 land contract sale shall be at least five thousand  
40 dollars.

41 7. Any tract of land sold on contract shall be  
42 listed on the tax rolls by and taxed to the contract  
43 purchaser, as provided in chapters four hundred twenty-  
44 eight (428) and four hundred forty-three (443) of the  
45 Code; assessed and valued as provided in chapter four  
46 hundred forty-one (441) of the Code; taxes levied as  
47 provided in chapter four hundred forty-four (444) of  
48 the Code; collected as provided in chapter four hundred  
49 forty-five (445) of the Code; and subject to tax sale,  
50 redemption, and apportionment of taxes as provided in  
51 chapters four hundred forty-six (446), four hundred  
52 forty-seven (447), and four hundred forty-eight (448)  
53 of the Code. It shall be the duty of the contract  
54 purchaser to discharge and pay all taxes.

55 If any tract of land is sold, the sale shall be  
56 subject to the right of a utility association, company,  
57 or corporation to continue in possession of a right of  
58 way in use at the time of the sale.

S—2824

1 Amend House File 155, as amended and passed by  
2 the House, page 3, by inserting after line 7 the  
3 following new paragraph;  
4 "Before any unused land acquired by the  
5 commission for the construction or improvement of any  
6 highway shall be offered for sale, the commission  
7 shall offer the person who owned the property at  
8 the time it was acquired the right to purchase  
9 the unused land proposed to be sold for the original  
10 acquisition price less the price of the used portion.  
11 This option to purchase may be offered within  
12 five years from date of acquisition or five years  
13 from date of project completion by the highway  
14 commission; the option must be exercised within  
15 sixty days of the date of offer. If the original  
16 owner is deceased or if he does not exercise this  
17 option, an option to purchase the tract shall be  
18 given to the present owner if different from the  
19 original owner, for a price set by current  
20 appraisal; this option must be exercised within  
21 sixty days of the date of offer. If no option is  
22 exercised, it shall be offered for public sale as  
23 provided in section three hundred six point twenty-  
24 two (306.22) of the Code. This Act shall apply to  
25 purchases made on and after July 1, 1969."

<sup>2824</sup>  
S—2924 Filed - *Bulldog german 5/1* By TAYLOR  
April 22, 1974

S—2826

1 Amend House File 155, as amended and passed by  
2 the House, page 1, line 10, by inserting after the  
3 word "the" the words "construction or".

S—2826 Filed - *adopted 5/1* By TAYLOR  
April 22, 1974

S—2964

1 Amend House File 155, as amended and passed by the  
2 House, page 2, line 2, by striking the word "ten"  
3 and inserting in lieu thereof the word "five".

S—2964 Filed and adopted By GALLAGHER  
May 1, 1974