

Reprinted

FEB 20 1990

HOUSE FILE 2512
BY COMMITTEE ON LOCAL GOVERNMENT

Place On Calendar

(SUCCESSOR TO HSB 783)

Passed House, Date 2/20/90 (p. 645) Passed Senate, Date _____
Vote: Ayes 94 Nays 0 Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

- 1 An Act altering the statutory monetary limitation on the local
- 2 option E911 emergency telephone service surcharge, authorizing
- 3 the Iowa finance authority to issue bonds and notes secured by
- 4 certain designated sources to finance E911 service
- 5 nonrecurring and recurring expenses, providing related
- 6 procedures and conditions, and providing an effective date.
- 7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

HOUSE FILE 2512

H-5284

- 1 Amend House File 2512 as follows:
- 2 1. Page 1, by striking lines 5 and 6, and
- 3 inserting the following: "in whole or in part, by a
- 4 monthly surcharge of (an amount determined by the
- 5 local joint E911 service board of up to twenty-five
- 6 cents one dollar) per-month-per on each telephone
- 7 access".

By FOGARTY of Palo Alto

H-5284 FILED FEBRUARY 21, 1990

Adopted 2/20 (p. 645)

HF 2512

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1 Section 1. Section 477B.6, subsection 1, unnumbered
2 paragraph 2, Code Supplement 1989, is amended to read as
3 follows:

5284 4 "Should enhanced 911 emergency telephone service be funded,
5 in whole or in part, by a monthly surcharge of (up to ~~twenty-~~
6 ~~five-cents~~ one dollar) ~~per-month-per~~ on each telephone access
7 line collected as part of each telephone subscriber's monthly
8 phone bill if provided within (description of the proposed
9 E911 service area)?"

10 Sec. 2. Section 477B.7, subsection 1, paragraph a,
11 unnumbered paragraph 1, Code Supplement 1989, is amended to
12 read as follows:

13 To encourage local implementation of E911 service, one
14 source of funding for E911 emergency telephone communication
15 systems shall come from a surcharge ~~of-twenty-five-cents~~ per
16 month, per access line on each access line subscriber, except
17 as provided in subsection 5, equal to the lowest amount of the
18 following:

19 One dollar.

20 An amount less than one dollar, which would fully pay both
21 recurring and nonrecurring costs of the E911 service system
22 within five years from the date the maximum surcharge is
23 imposed.

24 The maximum monetary limitation approved by referendum.

25 PARAGRAPH DIVIDED. The surcharge shall be imposed by order
26 of the administrator as follows:

27 Sec. 3. Section 477B.7, Code Supplement 1989, is amended
28 by adding the following new subsection:

29 NEW SUBSECTION. 7. If a local option E911 service
30 surcharge was approved by referendum prior to the effective
31 date of this Act, the maximum E911 service surcharge monetary
32 limitation may be amended up to a total of one dollar, per
33 month, per access line, by another referendum as provided in
34 section 477B.6. A joint E911 service board may adjust its
35 E911 service surcharge within the monetary limitation approved

1 by referendum as provided under this subsection by a simple
2 majority vote of the voting members. As a result of the
3 adjustment, the E911 service surcharge, per month, per access
4 line, on each access line subscriber, except as provided in
5 subsection 5, shall not exceed the lowest amount of the
6 following:

7 a. One dollar.

8 b. An amount less than one dollar, which would fully pay
9 both recurring and nonrecurring costs of the E911 service
10 system within five years from the date of the adjustment.

11 c. The maximum monetary limitation approved by referendum.

12 Sec. 4. NEW SECTION. 220.161 AUTHORITY TO ISSUE E911
13 PROGRAM BONDS AND NOTES.

14 The authority shall assist the department of public defense
15 as provided in chapter 477B, subchapter II and the authority
16 shall have all of the powers delegated to it by a joint E911
17 service board or the department of public defense in a chapter
18 28E agreement with respect to the issuance and securing of
19 bonds or notes and the carrying out of the purposes of chapter
20 477B.

21 Sec. 5. NEW SECTION. 477B.20 E911 FINANCING PROGRAM --
22 DEFINITIONS -- FUNDING -- BONDS AND NOTES.

23 1. As used in this subchapter, unless the context
24 otherwise requires, "authority" means the Iowa finance
25 authority.

26 2. The authority shall cooperate with the department of
27 public defense in the creation, administration, and funding of
28 the E911 program established in subchapter I.

29 3. The authority may issue its bonds and notes for the
30 purpose of funding E911 nonrecurring and recurring costs of
31 one or more E911 service areas.

32 4. The authority may issue its bonds and notes for the
33 purposes of this chapter and may enter into one or more
34 lending agreements or purchase agreements with one or more
35 bondholders or noteholders containing the terms and conditions

1 of the repayment of and the security for the bonds or notes.
2 The authority and the bondholders or noteholders or a trustee
3 agent designated by the authority may enter into agreements to
4 provide for any of the following:

5 a. That the proceeds of the bonds and notes and the
6 investments of the proceeds may be received, held, and
7 disbursed by the authority or by a trustee or agent designated
8 by the authority.

9 b. That the bondholders or noteholders or a trustee or
10 agent designated by the authority may collect, invest, and
11 apply the amount payable under the loan agreements or any
12 other instruments securing the debt obligations under the loan
13 agreements.

14 c. That the bondholders or noteholders may enforce the
15 remedies provided in the loan agreements or other instruments
16 on their own behalf without the appointment or designation of
17 a trustee. If there is a default in the principal of or
18 interest on the bonds or notes or in the performance of any
19 agreement contained in the loan agreements or other
20 instruments, the payment or performance may be enforced in
21 accordance with the loan agreement or other instrument.

22 d. Other terms and conditions as deemed necessary or
23 appropriate by the authority.

24 5. The powers granted the authority under this section are
25 in addition to other powers contained in chapter 220. All
26 other provisions of chapter 220, except section 220.28,
27 subsection 4, apply to bonds or notes issued and powers
28 granted to the authority under this section, except to the
29 extent they are inconsistent with this section.

30 6. All bonds or notes issued by the authority in
31 connection with the program are exempt from taxation by this
32 state and the interest on the bonds or notes is exempt from
33 state income tax, both personal and corporate.

34 Sec. 6. NEW SECTION. 477B.21 SECURITY -- RESERVE FUNDS -
35 - PLEDGES -- NONLIABILITY -- IRREVOCABLE CONTRACTS.

1 1. The authority may provide in the resolution, trust
2 agreement, or other instrument authorizing the issuance of its
3 bonds or notes pursuant to section 477B.20 that the principal
4 of, premium, and interest on the bonds or notes are payable
5 from any of the following and may pledge the same to its bonds
6 and notes:

7 a. The income and receipts or other moneys derived from
8 the projects financed with the proceeds of the bonds or notes.

9 b. The income and receipts or other money derived from
10 designated projects whether or not the projects are financed
11 in whole or in part with the proceeds of the bonds or notes.

12 c. The amounts on deposit in the E911 service fund of a
13 joint E911 service board, including, but not limited to
14 revenues from a local option E911 service surcharge.

15 d. The amounts payable to the department of public
16 defense, the authority, or the division, as defined in section
17 477B.2, by jurisdictions within service areas pursuant to loan
18 agreements with service areas.

19 e. Any other funds or accounts established by the
20 authority in connection with the program or the sale and
21 issuance of its bonds or notes.

22 2. The authority may establish reserve funds to secure one
23 or more issues of its bonds or notes. The authority may
24 deposit in a reserve fund established under this subsection,
25 the proceeds of the sale of its bonds or notes and other money
26 which is made available from any other source.

27 3. A pledge made in respect of bonds or notes is valid and
28 binding from the time the pledge is made. The money or
29 property so pledged and received after the pledge by the
30 authority is immediately subject to the lien of the pledge
31 without physical delivery or further act. The lien of the
32 pledge is valid and binding as against all persons having
33 claims of any kind in tort, contract, or otherwise against the
34 authority whether or not the parties have notice of the lien.
35 Neither the resolution, trust agreement, or any other

1 instrument by which a pledge is created needs to be recorded,
2 filed, or perfected under chapter 554, to be valid, binding,
3 or effective against all persons.

4 4. The members of the authority or persons executing the
5 bonds or notes are not personally liable on the bonds or notes
6 and are not subject to personal liability or accountability by
7 reason of the issuance of the bonds or notes.

8 5. The bonds or notes issued by the authority are not an
9 indebtedness or other liability of the state or of a political
10 subdivision of the state within the meaning of any
11 constitutional or statutory debt limitations, but are special
12 obligations of the authority and are payable solely from the
13 income and receipts or other funds or property of the
14 department of public defense or a joint E911 service board,
15 and the amounts on deposit in an E911 service fund, and the
16 amounts payable to the department under its loan agreements
17 with a joint E911 service board or E911 service provider to
18 the extent that the amounts are dsignated in the resolution,
19 trust agreement, or other instrument of the authority
20 authorizing the issuance of the bonds or notes as being
21 available as security for the bonds or notes. The authority
22 shall not pledge the faith or credit of the state or of a
23 political subdivision of the state to the payment of any bonds
24 or notes. The issuance of any bonds or notes by the authority
25 does not directly, indirectly, or contingently obligate the
26 state or a political subdivision of the state to apply money
27 from, or levy, or pledge any form of taxation whatever to the
28 payment of the bonds or notes.

29 6. The state pledges to and agrees with the holders of
30 bonds or notes issued under this subchapter that the state
31 will not limit or alter the rights and powers vested in the
32 authority to fulfill the terms of a contract made by the
33 authority with respect to the bonds or notes, or in any way
34 impair the rights and remedies of the holders until the bonds
35 or notes, together with the interest on them including

1 interest on unpaid installments of interest, and all costs and
2 expenses in connection with an action or proceeding by or on ,
3 behalf of the holders, are fully met and discharged. The
4 authority is authorized to include this pledge and agreement
5 of the state, as it refers to holders of bonds or notes of the
6 authority, in a contract with the holders.

7 Sec. 7. NEW SECTION. 477B.22 RULES.

8 The authority shall adopt rules pursuant to chapter 17A to
9 implement this subchapter.

10 Sec. 8.

11 The Code editor shall codify sections 477B.1 through
12 477B.19 as subchapter I of chapter 477B, entitled, "local
13 option E911 service surcharge and E911 service".

14 Sec. 9.

15 The Code editor shall codify sections 477B.20 through
16 477B.29 as subchapter II of chapter 477B, entitled, "E911
17 program debt financing".

18 Sec. 10.

19 This Act, being deemed of immediate importance, takes
20 effect upon enactment.

21 EXPLANATION

22 This bill increases the maximum permitted E911 service
23 surcharge from \$.25 to \$1.00. E911 service areas which have
24 already held a referendum providing for a maximum surcharge of
25 \$.25 are permitted to increase the surcharge after conducting
26 a new referendum.

27 The bill authorizes the Iowa finance authority to issue
28 bonds or notes secured by certain designated revenues or
29 sources to finance E911 programs' nonrecurring and recurring
30 expenses.

31 The bill is effective upon enactment.

32 The bill may include a state mandate as defined in section
33 25B.3.

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**HOUSE FILE 2512
FISCAL NOTE**

A fiscal note for House File 2512 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

House File 2512 increases the maximum permitted E911 service surcharge from \$0.25 to \$1.00. E911 service areas which have already held a referendum providing for a maximum surcharge of \$0.25 are permitted to increase the surcharge after conducting a new referendum.

The bill authorizes the Iowa Finance Authority to issue bonds or notes secured by certain designated revenues or sources to finance E911 programs' nonrecurring and recurring expenses. It takes effect upon enactment and may include a State mandate.

Fiscal Effect

The increased costs for administering the E911 program under the proposed legislation would be approximately \$140,000 in FY 1991 and \$155,000 in FY 1992. This would provide four additional staff to the Disaster Services Division of the Department of Public Defense to assist E911 service areas in implementing the program.

(Source: Disaster Services Division)

(LSB 8370hv, DPW)

FILED FEBRUARY 26, 1990

BY DENNIS PROUTY, FISCAL DIRECTOR

Sen. Local Gov. 2/28 Dis Pass 3/6 (p. 904)

HOUSE FILE 2512
BY COMMITTEE ON LOCAL GOVERNMENT

(SUCCESSOR TO HSB 783)

(As Amended and Passed by the House February 26, 1990)

per H-5734
RePassed House, Date 3/22 (p. 1312) Passed Senate, Date 3/15/90 (p. 1106)
Vote: Ayes 97 Nays 0 Vote: Ayes 44 Nays
Approved April 4, 1990

A BILL FOR

1 An Act altering the statutory monetary limitation on the local
2 option E911 emergency telephone service surcharge, authorizing
3 the Iowa finance authority to issue bonds and notes secured by
4 certain designated sources to finance E911 service
5 nonrecurring and recurring expenses, providing related
6 procedures and conditions, and providing an effective date.

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

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House Amendments _____

1 Section 1. Section 477B.6, subsection 1, unnumbered
2 paragraph 2, Code Supplement 1989, is amended to read as
3 follows:

4 "Should enhanced 911 emergency telephone service be funded,
5 in whole or in part, by a monthly surcharge of (an amount
6 determined by the local joint E911 service board of up to
7 twenty-five-cents one dollar) per-month-per on each telephone
8 access line collected as part of each telephone subscriber's
9 monthly phone bill if provided within (description of the
10 proposed E911 service area)?"

11 Sec. 2. Section 477B.7, subsection 1, paragraph a,
12 unnumbered paragraph 1, Code Supplement 1989, is amended to
13 read as follows:

14 To encourage local implementation of E911 service, one
15 source of funding for E911 emergency telephone communication
16 systems shall come from a surcharge of twenty-five-cents per
17 month, per access line on each access line subscriber, except
18 as provided in subsection 5, equal to the lowest amount of the
19 following:

20 One dollar.

21 An amount less than one dollar, which would fully pay both
22 recurring and nonrecurring costs of the E911 service system
23 within five years from the date the maximum surcharge is
24 imposed.

25 The maximum monetary limitation approved by referendum.

26 PARAGRAPH DIVIDED. The surcharge shall be imposed by order
27 of the administrator as follows:

28 Sec. 3. Section 477B.7, Code Supplement 1989, is amended
29 by adding the following new subsection:

30 NEW SUBSECTION. 7. If a local option E911 service
31 surcharge was approved by referendum prior to the effective
32 date of this Act, the maximum E911 service surcharge monetary
33 limitation may be amended up to a total of one dollar, per
34 month, per access line, by another referendum as provided in
35 section 477B.6. A joint E911 service board may adjust its

1 E911 service surcharge within the monetary limitation approved
2 by referendum as provided under this subsection by a simple
3 majority vote of the voting members. As a result of the
4 adjustment, the E911 service surcharge, per month, per access
5 line, on each access line subscriber, except as provided in
6 subsection 5, shall not exceed the lowest amount of the
7 following:

8 a. One dollar.

9 b. An amount less than one dollar, which would fully pay
10 both recurring and nonrecurring costs of the E911 service
11 system within five years from the date of the adjustment.

12 c. The maximum monetary limitation approved by referendum.

13 Sec. 4. NEW SECTION. 220.161 AUTHORITY TO ISSUE E911
14 PROGRAM BONDS AND NOTES.

15 The authority shall assist the department of public defense
16 as provided in chapter 477B, subchapter II and the authority
17 shall have all of the powers delegated to it by a joint E911
18 service board or the department of public defense in a chapter
19 28E agreement with respect to the issuance and securing of
20 bonds or notes and the carrying out of the purposes of chapter
21 477B.

22 Sec. 5. NEW SECTION. 477B.20 E911 FINANCING PROGRAM --
23 DEFINITIONS -- FUNDING -- BONDS AND NOTES.

24 1. As used in this subchapter, unless the context
25 otherwise requires, "authority" means the Iowa finance
26 authority.

27 2. The authority shall cooperate with the department of
28 public defense in the creation, administration, and funding of
29 the E911 program established in subchapter I.

30 3. The authority may issue its bonds and notes for the
31 purpose of funding E911 nonrecurring and recurring costs of
32 one or more E911 service areas.

33 4. The authority may issue its bonds and notes for the
34 purposes of this chapter and may enter into one or more
35 lending agreements or purchase agreements with one or more

1 bondholders or noteholders containing the terms and conditions
2 of the repayment of and the security for the bonds or notes.

3 The authority and the bondholders or noteholders or a trustee
4 agent designated by the authority may enter into agreements to
5 provide for any of the following:

6 a. That the proceeds of the bonds and notes and the
7 investments of the proceeds may be received, held, and
8 disbursed by the authority or by a trustee or agent designated
9 by the authority.

10 b. That the bondholders or noteholders or a trustee or
11 agent designated by the authority may collect, invest, and
12 apply the amount payable under the loan agreements or any
13 other instruments securing the debt obligations under the loan
14 agreements.

15 c. That the bondholders or noteholders may enforce the
16 remedies provided in the loan agreements or other instruments
17 on their own behalf without the appointment or designation of
18 a trustee. If there is a default in the principal of or
19 interest on the bonds or notes or in the performance of any
20 agreement contained in the loan agreements or other
21 instruments, the payment or performance may be enforced in
22 accordance with the loan agreement or other instrument.

23 d. Other terms and conditions as deemed necessary or
24 appropriate by the authority.

25 5. The powers granted the authority under this section are
26 in addition to other powers contained in chapter 220. All
27 other provisions of chapter 220, except section 220.28,
28 subsection 4, apply to bonds or notes issued and powers
29 granted to the authority under this section, except to the
30 extent they are inconsistent with this section.

31 6. All bonds or notes issued by the authority in
32 connection with the program are exempt from taxation by this
33 state and the interest on the bonds or notes is exempt from
34 state income tax, both personal and corporate.

35 Sec. 6. NEW SECTION. 477B.21 SECURITY -- RESERVE FUNDS -

1 - PLEDGES -- NONLIABILITY -- IRREVOCABLE CONTRACTS.

2 1. The authority may provide in the resolution, trust
3 agreement, or other instrument authorizing the issuance of its
4 bonds or notes pursuant to section 477B.20 that the principal
5 of, premium, and interest on the bonds or notes are payable
6 from any of the following and may pledge the same to its bonds
7 and notes:

8 a. The income and receipts or other moneys derived from
9 the projects financed with the proceeds of the bonds or notes.

10 b. The income and receipts or other money derived from
11 designated projects whether or not the projects are financed
12 in whole or in part with the proceeds of the bonds or notes.

13 c. The amounts on deposit in the E911 service fund of a
14 joint E911 service board, including, but not limited to
15 revenues from a local option E911 service surcharge.

16 d. The amounts payable to the department of public
17 defense, the authority, or the division, as defined in section
18 477B.2, by jurisdictions within service areas pursuant to loan
19 agreements with service areas.

20 e. Any other funds or accounts established by the
21 authority in connection with the program or the sale and
22 issuance of its bonds or notes.

23 2. The authority may establish reserve funds to secure one
24 or more issues of its bonds or notes. The authority may
25 deposit in a reserve fund established under this subsection,
26 the proceeds of the sale of its bonds or notes and other money
27 which is made available from any other source.

28 3. A pledge made in respect of bonds or notes is valid and
29 binding from the time the pledge is made. The money or
30 property so pledged and received after the pledge by the
31 authority is immediately subject to the lien of the pledge
32 without physical delivery or further act. The lien of the
33 pledge is valid and binding as against all persons having
34 claims of any kind in tort, contract, or otherwise against the
35 authority whether or not the parties have notice of the lien.

1 Neither the resolution, trust agreement, or any other
2 instrument by which a pledge is created needs to be recorded,
3 filed, or perfected under chapter 554, to be valid, binding,
4 or effective against all persons.

5 4. The members of the authority or persons executing the
6 bonds or notes are not personally liable on the bonds or notes
7 and are not subject to personal liability or accountability by
8 reason of the issuance of the bonds or notes.

9 5. The bonds or notes issued by the authority are not an
10 indebtedness or other liability of the state or of a political
11 subdivision of the state within the meaning of any
12 constitutional or statutory debt limitations, but are special
13 obligations of the authority and are payable solely from the
14 income and receipts or other funds or property of the
15 department of public defense or a joint E911 service board,
16 and the amounts on deposit in an E911 service fund, and the
17 amounts payable to the department under its loan agreements
18 with a joint E911 service board or E911 service provider to
19 the extent that the amounts are dsignated in the resolution,
20 trust agreement, or other instrument of the authority
21 authorizing the issuance of the bonds or notes as being
22 available as security for the bonds or notes. The authority
23 shall not pledge the faith or credit of the state or of a
24 political subdivision of the state to the payment of any bonds
25 or notes. The issuance of any bonds or notes by the authority
26 does not directly, indirectly, or contingently obligate the
27 state or a political subdivision of the state to apply money
28 from, or levy, or pledge any form of taxation whatever to the
29 payment of the bonds or notes.

30 6. The state pledges to and agrees with the holders of
31 bonds or notes issued under this subchapter that the state
32 will not limit or alter the rights and powers vested in the
33 authority to fulfill the terms of a contract made by the
34 authority with respect to the bonds or notes, or in any way
35 impair the rights and remedies of the holders until the bonds

1 or notes, together with the interest on them including
2 interest on unpaid installments of interest, and all costs and
3 expenses in connection with an action or proceeding by or on
4 behalf of the holders, are fully met and discharged. The
5 authority is authorized to include this pledge and agreement
6 of the state, as it refers to holders of bonds or notes of the
7 authority, in a contract with the holders.

8 Sec. 7. NEW SECTION. 477B.22 RULES.

9 The authority shall adopt rules pursuant to chapter 17A to
10 implement this subchapter.

11 Sec. 8.

12 The Code editor shall codify sections 477B.1 through
13 477B.19 as subchapter I of chapter 477B, entitled, "local
14 option E911 service surcharge and E911 service".

15 Sec. 9.

16 The Code editor shall codify sections 477B.20 through
17 477B.29 as subchapter II of chapter 477B, entitled, "E911
18 program debt financing".

19 Sec. 10.

20 This Act, being deemed of immediate importance, takes
21 effect upon enactment.

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HOUSE FILE 2512

S-5508

Amend House File 2512, as amended, passed, and
reprinted by the House, as follows:

1. Page 1, by inserting after line 27, the
following:

"Sec. ____ . Section 477B.7, subsection 5, Code
Supplement 1989, is amended by striking the subsection
and inserting in lieu thereof the following:

5. USE OF MONEYS IN FUND -- PRIORITY AND
LIMITATIONS ON EXPENDITURE.

a. Moneys deposited in the E911 service fund shall
be used for the repayment of any bonds issued for the
benefit of or loan made to the joint E911 service
board pursuant to sections 477B.20 through 477B.22,
and as long as any such bond or loan remains unpaid
the surcharge shall not be reduced or eliminated.

Moneys deposited in the fund shall be subject to such
terms and conditions as may be contained in the
relevant bond documents, trust indenture, resolution,
loan agreement, or other instrument pursuant to which
bonds are issued or a loan is made, without regard to
any limitation otherwise provided by law. The
surcharge may be increased, but shall not exceed the
maximum allowed in subsection 1, upon approval of the
authority upon such terms and conditions as may be
contained in the relevant bond documents, trust
indenture, resolution, loan agreement, or other
instrument pursuant to which bonds are issued or a
loan is made, as deemed necessary or prudent by the
authority to secure repayment and assure marketability
or a reasonable interest rate.

b. Moneys deposited in the E911 service fund shall
be used for the following, in order of priority if
paragraph "a" does not apply:

(1) Money shall first be spent for actual
recurring costs of operating the E911 service plan.

(2) If money remains in the fund after fully
paying for recurring costs incurred in the preceding
year, the remainder may be spent to pay for
nonrecurring costs, not to exceed actual nonrecurring
costs as approved by the administrator.

(3) If money remains in the fund after fully
paying obligations under subsections 1 and 2, the
remainder may be accumulated in the fund as a
carryover operating surplus. If the surplus is
greater than twenty-five percent of the approved
annual operating budget for the next year, the
administrator shall reduce the surcharge by an amount
calculated to result in a surplus of no more than
twenty-five percent of the planned annual operating
budget. After nonrecurring costs have been paid, if

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1 the surcharge is less than the maximum allowed and the
2 fund surplus is less than twenty-five percent of the
3 approved annual operating budget, the administrator
4 shall, upon application of the joint E911 service
5 board, increase the surcharge in an amount calculated
6 to result in a surplus of twenty-five percent of the
7 approved annual operating budget. The surcharge may
8 only be adjusted once in a single year, upon one
9 hundred days' prior notice to the provider."

10 2. Page 4, by striking lines 16 through 18, and
11 inserting the following:

12 "d. The amounts payable to the authority by
13 jurisdictions within service areas pursuant to loan".

14 3. Page 5, by striking lines 9 through 29.

15 4. By renumbering as necessary.

By EUGENE FRAISE

S-5508 FILED MARCH 15, 1990

ADOPTED (p. 1105)

SENATE AMENDMENT TO HOUSE FILE 2512

H-5734

1 Amend House File 2512, as amended, passed, and
2 reprinted by the House, as follows:

3 1. Page 1, by inserting after line 27, the
4 following:

5 "Sec. ____ . Section 477B.7, subsection 5, Code
6 Supplement 1989, is amended by striking the subsection
7 and inserting in lieu thereof the following:

8 5. USE OF MONEYS IN FUND -- PRIORITY AND
9 LIMITATIONS ON EXPENDITURE.

10 a. Moneys deposited in the E911 service fund shall
11 be used for the repayment of any bonds issued for the
12 benefit of or loan made to the joint E911 service
13 board pursuant to sections 477B.20 through 477B.22,
14 and as long as any such bond or loan remains unpaid
15 the surcharge shall not be reduced or eliminated.
16 Moneys deposited in the fund shall be subject to such
17 terms and conditions as may be contained in the
18 relevant bond documents, trust indenture, resolution,
19 loan agreement, or other instrument pursuant to which
20 bonds are issued or a loan is made, without regard to
21 any limitation otherwise provided by law. The
22 surcharge may be increased, but shall not exceed the
23 maximum allowed in subsection 1, upon approval of the
24 authority upon such terms and conditions as may be
25 contained in the relevant bond documents, trust
26 indenture, resolution, loan agreement, or other
27 instrument pursuant to which bonds are issued or a
28 loan is made, as deemed necessary or prudent by the
29 authority to secure repayment and assure marketability
30 or a reasonable interest rate.

31 b. Moneys deposited in the E911 service fund shall
32 be used for the following, in order of priority if
33 paragraph "a" does not apply:

34 (1) Money shall first be spent for actual
35 recurring costs of operating the E911 service plan.

36 (2) If money remains in the fund after fully
37 paying for recurring costs incurred in the preceding
38 year, the remainder may be spent to pay for
39 nonrecurring costs, not to exceed actual nonrecurring
40 costs as approved by the administrator.

41 (3) If money remains in the fund after fully
42 paying obligations under subsections 1 and 2, the
43 remainder may be accumulated in the fund as a
44 carryover operating surplus. If the surplus is
45 greater than twenty-five percent of the approved
46 annual operating budget for the next year, the
47 administrator shall reduce the surcharge by an amount
48 calculated to result in a surplus of no more than
49 twenty-five percent of the planned annual operating
50 budget. After nonrecurring costs have been paid, if

H-5734

Page 2

1 the surcharge is less than the maximum allowed and the
2 fund surplus is less than twenty-five percent of the
3 approved annual operating budget, the administrator
4 shall, upon application of the joint E911 service
5 board, increase the surcharge in an amount calculated
6 to result in a surplus of twenty-five percent of the
7 approved annual operating budget. The surcharge may
8 only be adjusted once in a single year, upon one
9 hundred days' prior notice to the provider."

10 2. Page 4, by striking lines 16 through 18, and
11 inserting the following:

12 "d. The amounts payable to the authority by
13 jurisdictions within service areas pursuant to loan".

14 3. Page 5, by striking lines 9 through 29.

15 4. By renumbering as necessary.

RECEIVED FROM THE SENATE

H-5734 FILED MARCH 15, 1990

House concurred 3/22 (p. 13/2)

LOCAL GOVERNMENT

HOUSE FILE 2512
BY (PROPOSED COMMITTEE ON
LOCAL GOVERNMENT BY
CHAIRPERSON FOGARTY)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act altering the statutory monetary limitation on the local
2 option E911 emergency telephone service surcharge, authorizing
3 the Iowa finance authority to issue bonds and notes secured by
4 certain designated sources to finance E911 service
5 nonrecurring and recurring expenses, providing related
6 procedures and conditions, and providing an effective date.

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

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1 Section 1. Section 477B.6, subsection 1, unnumbered
2 paragraph 2, Code Supplement 1989, is amended to read as
3 follows:

4 "Should enhanced 911 emergency telephone service be funded,
5 in whole or in part, by a monthly surcharge ~~of-(up-to-twenty-~~
6 ~~five-cents)-per-month-per~~ on each telephone access line
7 collected as part of each telephone subscriber's monthly phone
8 bill if provided within (description of the proposed E911
9 service area)?"

10 Sec. 2. Section 477B.7, subsection 1, paragraph a,
11 unnumbered paragraph 1, Code Supplement 1989, is amended to
12 read as follows:

13 To encourage local implementation of E911 service, one
14 source of funding for E911 emergency telephone communication
15 systems shall come from a surcharge ~~of-twenty-five-cents~~ per
16 month, per access line on each access line subscriber, except
17 as provided in subsection 5, equal to the lowest amount of the
18 following:

19 One dollar.

20 An amount less than one dollar, which would fully pay both
21 recurring and nonrecurring costs of the E911 service system
22 within five years from the date the maximum surcharge is
23 imposed.

24 The maximum monetary limitation approved by referendum.

25 PARAGRAPH DIVIDED. The surcharge shall be imposed by order
26 of the administrator as follows:

27 Sec. 3. Section 477B.7, Code Supplement 1989, is amended
28 by adding the following new subsection:

29 NEW SUBSECTION. 7. If a local option E911 service
30 surcharge was approved by referendum prior to the effective
31 date of this Act, the maximum E911 service surcharge monetary
32 limitation may be amended up to a total of one dollar, per
33 month, per access line, by another referendum as provided in
34 section 477B.6. A joint E911 service board may adjust its
35 E911 service surcharge within the monetary limitation approved

1 by referendum as provided under this subsection by a simple
2 majority vote of the voting members. As a result of the
3 adjustment, the E911 service surcharge, per month, per access
4 line, on each access line subscriber, except as provided in
5 subsection 5, shall not exceed the lowest amount of the
6 following:

7 a. One dollar.

8 b. An amount less than one dollar, which would fully pay
9 both recurring and nonrecurring costs of the E911 service
10 system within five years from the date of the adjustment.

11 c. The maximum monetary limitation approved by referendum.

12 Sec. 4. NEW SECTION. 220.161 AUTHORITY TO ISSUE E911
13 PROGRAM BONDS AND NOTES.

14 The authority shall assist the department of public defense
15 as provided in chapter 477B, subchapter II and the authority
16 shall have all of the powers delegated to it by a joint E911
17 service board or the department of public defense in a chapter
18 28E agreement with respect to the issuance and securing of
19 bonds or notes and the carrying out of the purposes of chapter
20 477B.

21 Sec. 5. NEW SECTION. 477B.20 E911 FINANCING PROGRAM --
22 DEFINITIONS -- FUNDING -- BONDS AND NOTES.

23 1. As used in this subchapter, unless the context
24 otherwise requires, "authority" means the Iowa finance
25 authority.

26 2. The authority shall cooperate with the department of
27 public defense in the creation, administration, and funding of
28 the E911 program established in subchapter 1.

29 3. The authority may issue its bonds and notes for the
30 purpose of funding E911 nonrecurring and recurring costs of
31 one or more E911 service areas.

32 4. The authority may issue its bonds and notes for the
33 purposes of this chapter and may enter into one or more
34 lending agreements or purchase agreements with one or more
35 bondholders or noteholders containing the terms and conditions

1 of the repayment of and the security for the bonds or notes.
2 The authority and the bondholders or noteholders or a trustee
3 agent designated by the authority may enter into agreements to
4 provide for any of the following:

5 a. That the proceeds of the bonds and notes and the
6 investments of the proceeds may be received, held, and
7 disbursed by the authority or by a trustee or agent designated
8 by the authority.

9 b. That the bondholders or noteholders or a trustee or
10 agent designated by the authority may collect, invest, and
11 apply the amount payable under the loan agreements or any
12 other instruments securing the debt obligations under the loan
13 agreements.

14 c. That the bondholders or noteholders may enforce the
15 remedies provided in the loan agreements or other instruments
16 on their own behalf without the appointment or designation of
17 a trustee. If there is a default in the principal of or
18 interest on the bonds or notes or in the performance of any
19 agreement contained in the loan agreements or other
20 instruments, the payment or performance may be enforced in
21 accordance with the loan agreement or other instrument.

22 d. Other terms and conditions as deemed necessary or
23 appropriate by the authority.

24 5. The powers granted the authority under this section are
25 in addition to other powers contained in chapter 220. All
26 other provisions of chapter 220, except section 220.28,
27 subsection 4, apply to bonds or notes issued and powers
28 granted to the authority under this section, except to the
29 extent they are inconsistent with this section.

30 6. All bonds or notes issued by the authority in
31 connection with the program are exempt from taxation by this
32 state and the interest on the bonds or notes is exempt from
33 state income tax, both personal and corporate.

34 Sec. 6. NEW SECTION. 477B.21 SECURITY -- RESERVE FUNDS -
35 - PLEDGES -- NONLIABILITY -- IRREVOCABLE CONTRACTS.

1 1. The authority may provide in the resolution, trust
2 agreement, or other instrument authorizing the issuance of its
3 bonds or notes pursuant to section 477B.20 that the principal
4 of, premium, and interest on the bonds or notes are payable
5 from any of the following and may pledge the same to its bonds
6 and notes:

7 a. The income and receipts or other moneys derived from
8 the projects financed with the proceeds of the bonds or notes.

9 b. The income and receipts or other money derived from
10 designated projects whether or not the projects are financed
11 in whole or in part with the proceeds of the bonds or notes.

12 c. The amounts on deposit in the E911 service fund of a
13 joint E911 service board, including, but not limited to
14 revenues from a local option E911 service surcharge.

15 d. The amounts payable to the department of public
16 defense, the authority, or the division, as defined in section
17 477B.2, by jurisdictions within service areas pursuant to loan
18 agreements with service areas.

19 e. Any other funds or accounts established by the
20 authority in connection with the program or the sale and
21 issuance of its bonds or notes.

22 2. The authority may establish reserve funds to secure one
23 or more issues of its bonds or notes. The authority may
24 deposit in a reserve fund established under this subsection,
25 the proceeds of the sale of its bonds or notes and other money
26 which is made available from any other source.

27 3. A pledge made in respect of bonds or notes is valid and
28 binding from the time the pledge is made. The money or
29 property so pledged and received after the pledge by the
30 authority is immediately subject to the lien of the pledge
31 without physical delivery or further act. The lien of the
32 pledge is valid and binding as against all persons having
33 claims of any kind in tort, contract, or otherwise against the
34 authority whether or not the parties have notice of the lien.
35 Neither the resolution, trust agreement, or any other

1 instrument by which a pledge is created needs to be recorded,
2 filed, or perfected under chapter 554, to be valid, binding,
3 or effective against all persons.

4 4. The members of the authority or persons executing the
5 bonds or notes are not personally liable on the bonds or notes
6 and are not subject to personal liability or accountability by
7 reason of the issuance of the bonds or notes.

8 5. The bonds or notes issued by the authority are not an
9 indebtedness or other liability of the state or of a political
10 subdivision of the state within the meaning of any
11 constitutional or statutory debt limitations, but are special
12 obligations of the authority and are payable solely from the
13 income and receipts or other funds or property of the
14 department of public defense or a joint E911 service board,
15 and the amounts on deposit in an E911 service fund, and the
16 amounts payable to the department under its loan agreements
17 with a joint E911 service board or E911 service provider to
18 the extent that the amounts are designated in the resolution,
19 trust agreement, or other instrument of the authority
20 authorizing the issuance of the bonds or notes as being
21 available as security for the bonds or notes. The authority
22 shall not pledge the faith or credit of the state or of a
23 political subdivision of the state to the payment of any bonds
24 or notes. The issuance of any bonds or notes by the authority
25 does not directly, indirectly, or contingently obligate the
26 state or a political subdivision of the state to apply money
27 from, or levy, or pledge any form of taxation whatever to the
28 payment of the bonds or notes.

29 6. The state pledges to and agrees with the holders of
30 bonds or notes issued under this subchapter that the state
31 will not limit or alter the rights and powers vested in the
32 authority to fulfill the terms of a contract made by the
33 authority with respect to the bonds or notes, or in any way
34 impair the rights and remedies of the holders until the bonds
35 or notes, together with the interest on them including

1 interest on unpaid installments of interest, and all costs and
2 expenses in connection with an action or proceeding by or on
3 behalf of the holders, are fully met and discharged. The
4 authority is authorized to include this pledge and agreement
5 of the state, as it refers to holders of bonds or notes of the
6 authority, in a contract with the holders.

7 Sec. 7. NEW SECTION. 477B.22 RULES.

8 The authority shall adopt rules pursuant to chapter 17A to
9 implement this subchapter.

10 Sec. 8.

11 This Act, being deemed of immediate importance, takes
12 effect upon enactment.

13 EXPLANATION

14 This bill increases the maximum permitted E911 service
15 surcharge from \$.25 to \$1.00. E911 service areas which have
16 already held a referendum providing for a maximum surcharge of
17 \$.25 are permitted to increase the surcharge after conducting
18 a new referendum.

19 The bill authorizes the Iowa finance authority to issue
20 bonds or notes secured by certain designated revenues or
21 sources to finance E911 programs' nonrecurring and recurring
22 expenses.

23 The bill is effective upon enactment.

24 The bill may include a state mandate as defined in section
25 25B.3.

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HOUSE FILE 2512

AN ACT

ALTERING THE STATUTORY MONETARY LIMITATION ON THE LOCAL OPTION E911 EMERGENCY TELEPHONE SERVICE SURCHARGE, AUTHORIZING THE IOWA FINANCE AUTHORITY TO ISSUE BONDS AND NOTES SECURED BY CERTAIN DESIGNATED SOURCES TO FINANCE E911 SERVICE NONRECURRING AND RECURRING EXPENSES, PROVIDING RELATED PROCEDURES AND CONDITIONS, AND PROVIDING AN EFFECTIVE DATE.

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

Section 1. Section 477B.6, subsection 1, unnumbered paragraph 2, Code Supplement 1989, is amended to read as follows:

"Should enhanced 911 emergency telephone service be funded, in whole or in part, by a monthly surcharge of (an amount determined by the local joint E911 service board of up to twenty-five-cents one dollar) per-month-per on each telephone access line collected as part of each telephone subscriber's monthly phone bill if provided within (description of the proposed E911 service area)?"

Sec. 2. Section 477B.7, subsection 1, paragraph a, unnumbered paragraph 1, Code Supplement 1989, is amended to read as follows:

To encourage local implementation of E911 service, one source of funding for E911 emergency telephone communication systems shall come from a surcharge of twenty-five-cents per month, per access line on each access line subscriber, except as provided in subsection 5, equal to the lowest amount of the following:

One dollar.

An amount less than one dollar, which would fully pay both recurring and nonrecurring costs of the E911 service system within five years from the date the maximum surcharge is imposed.

The maximum monetary limitation approved by referendum.

PARAGRAPH DIVIDED. The surcharge shall be imposed by order of the administrator as follows:

Sec. 3. Section 477B.7, subsection 5, Code Supplement 1989, is amended by striking the subsection and inserting in lieu thereof the following:

5. USE OF MONEYS IN FUND -- PRIORITY AND LIMITATIONS ON EXPENDITURE.

a. Moneys deposited in the E911 service fund shall be used for the repayment of any bonds issued for the benefit of or loan made to the joint E911 service board pursuant to sections 477B.20 through 477B.22, and as long as any such bond or loan remains unpaid the surcharge shall not be reduced or eliminated. Moneys deposited in the fund shall be subject to such terms and conditions as may be contained in the relevant bond documents, trust indenture, resolution, loan agreement, or other instrument pursuant to which bonds are issued or a loan is made, without regard to any limitation otherwise provided by law. The surcharge may be increased, but shall not exceed the maximum allowed in subsection 1, upon approval of the authority upon such terms and conditions as may be contained in the relevant bond documents, trust indenture, resolution, loan agreement, or other instrument pursuant to which bonds are issued or a loan is made, as deemed necessary or prudent by the authority to secure repayment and assure marketability or a reasonable interest rate.

b. Moneys deposited in the E911 service fund shall be used for the following, in order of priority if paragraph "a" does not apply:

- (1) Money shall first be spent for actual recurring costs of operating the E911 service plan.
- (2) If money remains in the fund after fully paying for recurring costs incurred in the preceding year, the remainder may be spent to pay for nonrecurring costs, not to exceed actual nonrecurring costs as approved by the administrator.
- (3) If money remains in the fund after fully paying obligations under subsections 1 and 2, the remainder may be

accumulated in the fund as a carryover operating surplus. If the surplus is greater than twenty-five percent of the approved annual operating budget for the next year, the administrator shall reduce the surcharge by an amount calculated to result in a surplus of no more than twenty-five percent of the planned annual operating budget. After nonrecurring costs have been paid, if the surcharge is less than the maximum allowed and the fund surplus is less than twenty-five percent of the approved annual operating budget, the administrator shall, upon application of the joint E911 service board, increase the surcharge in an amount calculated to result in a surplus of twenty-five percent of the approved annual operating budget. The surcharge may only be adjusted once in a single year, upon one hundred days' prior notice to the provider.

Sec. 4. Section 477B.7, Code Supplement 1989, is amended by adding the following new subsection:

NEW SUBSECTION. 7. If a local option E911 service surcharge was approved by referendum prior to the effective date of this Act, the maximum E911 service surcharge monetary limitation may be amended up to a total of one dollar, per month, per access line, by another referendum as provided in section 477B.6. A joint E911 service board may adjust its E911 service surcharge within the monetary limitation approved by referendum as provided under this subsection by a simple majority vote of the voting members. As a result of the adjustment, the E911 service surcharge, per month, per access line, on each access line subscriber, except as provided in subsection 5, shall not exceed the lowest amount of the following:

- a. One dollar.
- b. An amount less than one dollar, which would fully pay both recurring and nonrecurring costs of the E911 service system within five years from the date of the adjustment.
- c. The maximum monetary limitation approved by referendum.

Sec. 5. NEW SECTION. 220.161 AUTHORITY TO ISSUE E911 PROGRAM BONDS AND NOTES.

The authority shall assist the department of public defense as provided in chapter 477B, subchapter II and the authority shall have all of the powers delegated to it by a joint E911 service board or the department of public defense in a chapter 28E agreement with respect to the issuance and securing of bonds or notes and the carrying out of the purposes of chapter 477B.

Sec. 6. NEW SECTION. 477B.20 E911 FINANCING PROGRAM -- DEFINITIONS -- FUNDING -- BONDS AND NOTES.

1. As used in this subchapter, unless the context otherwise requires, "authority" means the Iowa finance authority.
2. The authority shall cooperate with the department of public defense in the creation, administration, and funding of the E911 program established in subchapter I.
3. The authority may issue its bonds and notes for the purpose of funding E911 nonrecurring and recurring costs of one or more E911 service areas.
4. The authority may issue its bonds and notes for the purposes of this chapter and may enter into one or more lending agreements or purchase agreements with one or more bondholders or noteholders containing the terms and conditions of the repayment of and the security for the bonds or notes. The authority and the bondholders or noteholders or a trustee agent designated by the authority may enter into agreements to provide for any of the following:
 - a. That the proceeds of the bonds and notes and the investments of the proceeds may be received, held, and disbursed by the authority or by a trustee or agent designated by the authority.
 - b. That the bondholders or noteholders or a trustee or agent designated by the authority may collect, invest, and apply the amount payable under the loan agreements or any other instruments securing the debt obligations under the loan agreements.
 - c. That the bondholders or noteholders may enforce the remedies provided in the loan agreements or other instruments

on their own behalf without the appointment or designation of a trustee. If there is a default in the principal or of interest on the bonds or notes or in the performance of any agreement contained in the loan agreements or other instruments, the payment or performance may be enforced in accordance with the loan agreement or other instrument.

d. Other terms and conditions as deemed necessary or appropriate by the authority.

5. The powers granted the authority under this section are in addition to other powers contained in chapter 220. All other provisions of chapter 220, except section 220.28, subsection 4, apply to bonds or notes issued and powers granted to the authority under this section, except to the extent they are inconsistent with this section.

6. All bonds or notes issued by the authority in connection with the program are exempt from taxation by this state and the interest on the bonds or notes is exempt from state income tax, both personal and corporate.

Sec. 7. NEW SECTION. 477B.21 SECURITY -- RESERVE FUNDS - PLEDGES -- NONLIABILITY -- IRREVOCABLE CONTRACTS.

1. The authority may provide in the resolution, trust agreement, or other instrument authorizing the issuance of its bonds or notes pursuant to section 477B.20 that the principal of, premium, and interest on the bonds or notes are payable from any of the following and may pledge the same to its bonds and notes:

a. The income and receipts or other moneys derived from the projects financed with the proceeds of the bonds or notes.

b. The income and receipts or other money derived from designated projects whether or not the projects are financed in whole or in part with the proceeds of the bonds or notes.

c. The amounts on deposit in the E911 service fund of a joint E911 service board, including, but not limited to revenues from a local option E911 service surcharge.

d. The amounts payable to the authority by jurisdictions within service areas pursuant to loan agreements with service areas.

e. Any other funds or accounts established by the authority in connection with the program or the sale and issuance of its bonds or notes.

2. The authority may establish reserve funds to secure one or more issues of its bonds or notes. The authority may deposit in a reserve fund established under this subsection, the proceeds of the sale of its bonds or notes and other money which is made available from any other source.

3. A pledge made in respect of bonds or notes is valid and binding from the time the pledge is made. The money or property so pledged and received after the pledge by the authority is immediately subject to the lien of the pledge without physical delivery or further act. The lien of the pledge is valid and binding as against all persons having claims of any kind in tort, contract, or otherwise against the authority whether or not the parties have notice of the lien. Neither the resolution, trust agreement, or any other instrument by which a pledge is created needs to be recorded, filed, or perfected under chapter 554, to be valid, binding, or effective against all persons.

4. The members of the authority or persons executing the bonds or notes are not personally liable on the bonds or notes and are not subject to personal liability or accountability by reason of the issuance of the bonds or notes.

5. The state pledges to and agrees with the holders of bonds or notes issued under this subchapter that the state will not limit or alter the rights and powers vested in the authority to fulfill the terms of a contract made by the authority with respect to the bonds or notes, or in any way impair the rights and remedies of the holders until the bonds or notes, together with the interest on them including interest on unpaid installments of interest, and all costs and expenses in connection with an action or proceeding by or on behalf of the holders, are fully met and discharged. The authority is authorized to include this pledge and agreement of the state, as it refers to holders of bonds or notes of the authority, in a contract with the holders.

Sec. 8. NEW SECTION. 477B.22 RULES.

The authority shall adopt rules pursuant to chapter 17A to implement this subchapter.

Sec. 9.

The Code editor shall codify sections 477B.1 through 477B.19 as subchapter I of chapter 477B, entitled, "local option E911 service surcharge and E911 service".

Sec. 10.

The Code editor shall codify sections 477B.20 through 477B.29 as subchapter II of chapter 477B, entitled, "E911 program debt financing".

Sec. 11.

This Act, being deemed of immediate importance, takes effect upon enactment.

DONALD D. AVENSON
Speaker of the House

JO ANN ZIMMERMAN
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2512, Seventy-third General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved April 4, 1990

TERRY E. BRANSTAD
Governor