

Local Bill Do Pass 2/15 (p. 976)
House " " 3/12 Do Pass 3/13

FILED FEB 6 1990 SENATE FILE 2227
BY SZYMONIAK

Passed Senate, Date 2/12/90 (p. 976) Passed House, Date 3/19/90 (p. 1195)
Vote: Ayes 46 Nays 0 Vote: Ayes 58 Nays 36
Approved March 30, 1990

A BILL FOR

1 An Act relating to public improvements, by authorizing counties
2 to create special assessment districts in areas of the county
3 outside cities or within cities for certain public
4 improvements, to assess the cost of the improvements to the
5 benefited property within the districts, to establish and
6 collect rates and charges to maintain and operate the
7 improvements, and by providing an effective date.

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

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SC 2227

PART 6

SPECIAL ASSESSMENT DISTRICTS

Section 1. NEW SECTION. 331.485 DEFINITIONS.

As used in this part, unless the context otherwise requires:

1. "County special assessment district" means the area of a county outside of cities within boundaries established by the board of supervisors for the purpose of assessment of the cost of a public improvement.

2. "Cost" means cost as defined in section 384.37.

3. "District" means a joint special assessment district, and a county special assessment district.

4. "Joint special assessment district" means a district defined by a county and one or more other counties or one or more cities within the county or within an adjacent county pursuant to an agreement entered into by the county and one or more other counties or cities in accordance with chapter 28E and this part with respect to public improvements which the parties to the agreement determine benefit the property located in the cities and the designated area of the counties outside of cities, which are parties to the agreement.

5. "Public improvement" means public improvement as defined in section 384.37.

Sec. 2. NEW SECTION. 331.486 ASSESSMENT OF COSTS OF PUBLIC IMPROVEMENTS.

A county may assess to property within a county special assessment district the cost of construction and repair of public improvements benefiting the district and may assess to county property within a joint special assessment district the cost of construction and repair of public improvements benefiting the district. A county may construct and assess the cost of public improvements within a district in the same manner as a city may proceed under chapter 384, division IV, and chapter 384, division IV, applies to counties with respect to public improvements, the assessment of their costs, and the

1 issuance of bonds for the public improvements. A county may
2 contract for a public improvement benefiting a district under
3 this part pursuant to part 3 of chapter 331, division III.

4 Sec. 3. NEW SECTION. 331.487 SPECIAL ASSESSMENT BONDS
5 FOR PUBLIC IMPROVEMENTS.

6 A county may issue special assessment bonds in anticipation
7 of the collection of special assessments for the cost of
8 public improvements benefiting a district in the same manner
9 as provided for cities under chapter 384, division IV.

10 Sec. 4. NEW SECTION. 331.488 JOINT AGREEMENTS FOR PUBLIC
11 IMPROVEMENTS.

12 An agreement entered into between a county and a city or
13 another county in accordance with chapter 28E with respect to
14 a public improvement may include, but is not limited to, the
15 following:

16 1. The sharing of the total cost of the public improvement
17 among all parties to the agreement.

18 2. The amount of total assessments against private prop-
19 erty within each city and within the area of each county out-
20 side a city included within the district.

21 3. The method of specially assessing and determining bene-
22 fits.

23 4. The amount of funds, if any, to be contributed by each
24 city and each county to the project other than special assess-
25 ments.

26 5. The rates to be established and imposed upon property
27 within the district to pay the expenses of operation and main-
28 tenance of the public improvements.

29 6. The reduction of the county's debt service tax levy
30 rate against property within a city which is a party to the
31 joint agreement.

32 Sec. 5. NEW SECTION. 331.489 RATES AND CHARGES RELATING
33 TO PUBLIC IMPROVEMENTS.

34 A county which has created a district for a public improve-
35 ment and, to the extent provided in the agreement creating a

1 joint special assessment district, each county or city which
2 is a party to the agreement, may establish, impose, adjust,
3 and provide for the collection of rates and charges to produce
4 gross revenues at least sufficient to pay the expenses of
5 operation and maintenance of a public improvement, against
6 property within the district and, where appropriate,
7 establish, impose, adjust, and provide for the collection of
8 charges for connection to a public improvement. The rates and
9 charges must be established by ordinance of the governing body
10 of the county or the city imposing the rates or charges. The
11 rates and charges established as provided in this section, if
12 not paid as provided by the ordinance of the governing body,
13 are a lien upon the premises served or benefited by the public
14 improvement and may be certified to the county auditor and
15 collected in the same manner as property taxes.

16 Sec. 6. NEW SECTION. 331.490 CITIES SUBJECT TO DEBT SER-
17 VICE TAX LEVY -- RATES.

18 1. If a county and city have entered into an agreement to
19 create a joint special assessment district and issue county
20 general obligation bonds to fund the costs of a public
21 improvement benefiting that district, the county's debt ser-
22 vice tax levy for the county general obligation bonds shall
23 not be levied against property located in any city except a
24 city which has entered into the agreement.

25 2. Counties and cities entering into an agreement for a
26 joint special assessment district may provide in the agreement
27 for a different rate of the county's debt service tax levy
28 against property in areas of the county outside a city and
29 property within the cities.

30 Sec. 7. NEW SECTION. 331.491 AUTHORITY.

31 The authority of a county or a city under this part with
32 respect to districts and the financing of public improvements
33 is in addition to any other authority of a county or city to
34 contract and levy special assessments and issue bonds to fund
35 the costs.

1 Sec. 8.

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

4 EXPLANATION

5 This bill authorizes counties either alone or by chapter
6 28E agreement with cities or other counties to create special
7 assessment districts within the areas of the counties outside
8 cities (or through the chapter 28E agreement also within the
9 boundaries of the agreeing cities), to construct and repair
10 public improvements benefiting the special assessment
11 districts and assess the costs of the public improvements to
12 the property within the special assessment districts benefited
13 by the improvements, and to issue special assessment bonds in
14 the same manner as cities under chapter 384, division IV. The
15 bill also authorizes the establishment and collection of rates
16 and charges to benefited property to pay the costs of
17 operation and maintenance of the public improvements.

18 This bill takes effect upon enactment.

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SENATE FILE 2227

H-5742

1 Amend Senate File 2227, as passed by the Senate, as
2 follows:

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

5 "Section 1. NEW SECTION. 99D.27 COUNTY AND CITY
6 SUBSIDIES.

7 1. A county shall grant or loan money to a
8 licensee under this chapter only in accordance with
9 the following terms and procedures:

10 a. A loan agreement entered into by a county may
11 contain provisions similar to those sometimes found in
12 loan agreements between private parties, including the
13 issuance of notes to evidence its obligations.

14 b. A provision of a loan agreement which
15 stipulates that a portion of the payments be applied
16 as interest is subject to chapter 74A. Other laws
17 relating to interest rates do not apply. Chapter 75
18 is not applicable. A county enterprise is a separate
19 entity under the provisions of this section whether it
20 is governed by the board or another governing body.

21 c. The board shall follow substantially the same
22 authorization procedure required for the issuance of
23 general obligation bonds issued for the same purpose,
24 to authorize a loan agreement made payable from the
25 debt service fund or to authorize a grant from other
26 county funds.

27 d. The board may authorize a grant which is
28 payable from the general fund or a loan agreement
29 which is payable from the general fund and which would
30 not cause the total of scheduled annual payments of
31 principal or interest or both principal and interest
32 of the county due from the general fund of the county
33 in any future year with respect to all loan agreements
34 in force on the date of the authorization to exceed
35 ten percent of the last certified general fund budget
36 amount in accordance with the following procedures:

37 (1) The board must follow substantially the
38 authorization procedures of section 331.443 to
39 authorize a loan agreement or a grant which is payable
40 from the general fund if the amount of the loan
41 agreement or grant does not exceed one hundred
42 thousand dollars.

43 (2) The board must follow the following procedures
44 to authorize a loan agreement or grant which is
45 payable from the general fund if the principal amount
46 of the loan agreement or the grant exceeds the limits
47 set forth in subparagraph (1):

48 (a) The board must institute proceedings for
49 entering into a loan agreement or authorizing a grant
50 by causing a notice of the proposal to enter into the

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1 loan agreement, including a statement of the principal
2 amount and purpose of the loan agreement or grant, and
3 the right to petition for an election, to be published
4 as provided in section 331.305 at least twenty days
5 prior to the meeting at which it is proposed to take
6 the action.

7 (b) If at any time before the date fixed for
8 taking the action a petition is filed with the auditor
9 in the manner provided by section 331.306 asking that
10 the question of entering into the loan agreement or
11 authorizing a grant be submitted to the qualified
12 electors of the county, the board shall either by
13 resolution declare the proposal to enter into the loan
14 agreement to have been abandoned or shall direct the
15 county commissioner of elections to call a special
16 election upon the question of entering into the loan
17 agreement. However, for purposes of this paragraph
18 the petition shall require signatures of three percent
19 of the qualified electors, except that no fewer than
20 two hundred fifty and no more than three thousand
21 signatures are required. Notice of the election and
22 its conduct shall be in the manner provided in section
23 331.442, subsections 2 through 4.

24 (c) If no petition is filed, or if a petition is
25 filed and the proposition of entering into the loan
26 agreement or authorizing a grant is approved at an
27 election, the board may proceed and enter into the
28 loan agreement or authorize a grant.

29 (d) The governing body may authorize a loan
30 agreement or a grant payable from the net revenues of
31 a county enterprise or combined county enterprise by
32 following the authorization procedures of section
33 331.464.

34 (e) A loan agreement to which a county is a party
35 or in which a county has a participatory interest, is
36 an obligation of a political subdivision of this state
37 for the purpose of chapters 502 and 682, and is a
38 lawful investment for banks, trust companies, building
39 and loan associations, savings and loan associations,
40 investment companies, insurance companies, insurance
41 associations, executors, guardians, trustees, and any
42 other fiduciaries responsible for the investment of
43 funds.

44 2. A city shall grant or loan money to a licensee
45 under this chapter only in accordance with the
46 following terms and procedures:

47 a. A loan agreement entered into by a city may
48 contain provisions similar to those sometimes found in
49 loan agreements between private parties, including the
50 issuance of notes to evidence its obligations.

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1 b. A provision of a loan agreement which
2 stipulates that a portion of the payments be applied
3 as interest is subject to chapter 74A. Other laws
4 relating to interest rates do not apply. Chapter 75
5 is not applicable. A city utility or city enterprise
6 is a separate entity under this section whether it is
7 governed by the council or another governing body.

8 c. The governing body shall following
9 substantially the same authorization procedure
10 required for the issuance of general obligation bonds
11 issued for the same purpose, to authorize a loan
12 agreement made payable from the debt service fund or
13 to authorize a grant from other city funds.

14 d. The governing body may authorize a grant which
15 is payable from the general fund or a loan agreement
16 which is payable from its general fund and which would
17 not cause the total of scheduled annual payments of
18 principal or interest or principal and interest of the
19 city due from the general fund of the city in any
20 future year with respect to all loan agreements in
21 force on the date of the authorization, to exceed ten
22 percent of the last certified general fund budget
23 amount in accordance with the following procedures:

24 (1) The governing body must follow substantially
25 the authorization procedures of section 384.25 to
26 authorize a loan agreement or a grant which is payable
27 from the general fund if the amount of the loan
28 agreement or grant does not exceed one hundred
29 thousand dollars.

30 (2) The governing body must follow the following
31 procedures to authorize a loan agreement or a grant
32 which is payable from the general fund if the amount
33 of the loan agreement or the grant exceeds the limits
34 set forth in subparagraph (1):

35 (a) The governing body may institute proceedings
36 to enter into a loan agreement or authorize a grant
37 payable from its general fund by causing a notice of
38 the proposal to enter into the loan agreement or
39 authorize a grant, including a statement of the amount
40 and purpose of the loan agreement or grant, and the
41 right to petition for an election, to be published at
42 least once in a newspaper of general circulation
43 within the city at least twenty days prior to the
44 meeting at which it is proposed to take action.

45 (b) If any time before the date fixed for taking
46 action to enter into the loan agreement or authorize a
47 grant, a petition is filed with the clerk of the city
48 in the manner provided by section 362.4, asking that
49 the question of entering into the loan agreement or
50 authorizing a grant be submitted to the qualified

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1 electors of the city, the governing body shall either
2 by resolution declare the proposal to enter into the
3 loan agreement or authorize the grant to have been
4 abandoned or shall direct the county commissioner of
5 elections to call a special election upon the question
6 of entering into the loan agreement or authorizing the
7 grant. However, for purposes of this paragraph, the
8 petition shall require the signatures of three percent
9 of the qualified electors, except that no fewer than
10 one hundred and no more than three thousand signatures
11 are required. Notice of the election and its conduct
12 shall be in the manner provided in section 384.26,
13 subsections 2 through 4.

14 (c) If no petition is filed, or if a petition is
15 filed and the proposition of entering into the loan
16 agreement or authorizing the grant is approved at an
17 election, the governing body may proceed and enter
18 into the loan agreement or authorize the grant.

19 (3) The governing body may authorize a loan
20 agreement or grant payable from the net revenues of a
21 city utility, combined utility system, city
22 enterprise, or combined city enterprise by following
23 the authorization procedures of section 384.83.

24 (4) A loan agreement to which a city is a party,
25 or in which the city has a participatory interest, is
26 an obligation of a political subdivision of this state
27 for the purposes of chapters 502 and 682, and is a
28 lawful investment for banks, trust companies, building
29 and loan associations, savings and loan associations,
30 investment companies, insurance companies, insurance
31 associations, executors, guardians, trustees, and any
32 other fiduciaries responsible for the investment of
33 funds."

34 2. Title page, line 1, by inserting after the
35 word "authorizing" the following: "cities and
36 counties to grant or loan money for a public
37 improvement under certain conditions and".

By METCALF of Polk

HALVORSON of Webster

CARPENTER of Polk

TRENT of Muscatine

HANSON of Delaware

H-5742 FILED MARCH 16, 1990

Filed not germane 3/19 (p. 1181)

SENATE FILE 2227

H-5743

1 Amend Senate File 2227 passed by the Senate as
2 follows:

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

5 "Sec. 100. Section 331.301, subsection 10, Code
6 Supplement 1989, is amended by striking the subsection
7 and inserting in lieu thereof the following:

8 10. A county may enter into leases or lease-
9 purchase contracts for real and personal property in
10 accordance with the following terms and procedures:

11 a. A county shall lease or lease-purchase real or
12 personal property only for a term which does not
13 exceed the economic life of the property, as
14 determined by the board.

15 b. A lease or lease-purchase contract entered into
16 by a county may contain provisions similar to those
17 sometimes found in leases between private parties,
18 including the obligation of the lessee to pay any of
19 the costs of operation or ownership of the leased
20 property, and the right to purchase the leased
21 property.

22 c. A provision of a lease or lease-purchase
23 contract which stipulates that a portion of the rent
24 payments be applied as interest is subject to chapter
25 74A. Other laws relating to interest rates do not
26 apply. Chapter 75 shall not be applicable. A county
27 enterprise is a separate entity under the provisions
28 of this section whether it is governed by the board or
29 another governing body.

30 d. The board must follow substantially the same
31 authorization procedure required for the issuance of
32 general obligation bonds issued for the same purpose
33 to authorize a lease or a lease-purchase contract made
34 payable from the debt service fund.

35 e. The board may authorize a lease or lease-
36 purchase contract which is payable from the general
37 fund and which would not cause the total of annual
38 lease and lease-purchase payments of the county due
39 from the general fund of the county in any future year
40 for lease or lease-purchase contracts in force on the
41 date of the authorization, excluding payments to
42 exercise purchase options or to pay the expenses of
43 operation or ownership of the property, to exceed ten
44 percent of the last certified general fund budget
45 amount in accordance with the following procedures:

46 (1) The board must follow substantially the
47 authorization procedures of section 331.443 to
48 authorize a lease or lease-purchase contract which is
49 payable from the general fund if the principal amount
50 of the lease or lease-purchase contract does not

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1 exceed the following limits:

2 (a) Seven hundred fifty thousand dollars in a
3 county having a population of twenty-five thousand or
4 less.

5 (b) One million dollars in a county having a
6 population of more than twenty-five thousand but not
7 more than fifty thousand.

8 (c) One million two hundred fifty thousand dollars
9 in a county having a population of more than fifty
10 thousand but not more than one hundred thousand.

11 (d) One million five hundred thousand dollars in a
12 county having a population of more than one hundred
13 thousand but not more than two hundred thousand.

14 (e) Two million dollars in a county having a
15 population of more than two hundred thousand.

16 (2) The board must follow the following procedures
17 to authorize a lease or lease-purchase contract which
18 is payable from the general fund if the principal
19 amount of the lease or lease-purchase contract exceeds
20 the limits set forth in subparagraph (1):

21 (a) The board must institute proceedings for
22 entering into a lease or lease-purchase contract by
23 causing a notice of the proposal to enter the lease or
24 lease-purchase contract, including a statement of the
25 principal amount and purpose of the lease or lease-
26 purchase, and the right to petition for an election,
27 to be published as provided in section 331.305 at
28 least twenty days prior to the meeting at which it is
29 proposed to take the action.

30 (b) If at any time before the date fixed for
31 taking the action a petition is filed with the auditor
32 in the manner provided by section 331.306 asking that
33 the question of entering into the lease or lease-
34 purchase contract be submitted to the qualified
35 electors of the county, the board shall either by
36 resolution declare the proposal to enter into the
37 lease or lease-purchase contract to have been
38 abandoned or shall direct the county commissioner of
39 elections to call a special election upon the question
40 of entering into the lease or lease-purchase contract.
41 However, for purposes of this paragraph, the petition
42 shall require the signatures of three percent of the
43 qualified electors, except that no fewer than two
44 hundred fifty and no more than three thousand
45 signatures are required. Notice of the election and
46 its conduct shall be in the manner provided in section
47 331.442, subsection 2 through 4.

48 (c) If no petition is filed, or if a petition is
49 filed and the proposition of entering into a lease or
50 lease-purchase contract is approved at the election,

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1 the board may proceed and enter into the lease or
2 lease-purchase contract.

3 (d) The governing body may authorize a lease or
4 lease-purchase contract payable from the net revenues
5 of a county enterprise, or combined county enterprise
6 by following the authorization procedures of section
7 331.464.

8 (e) A lease or lease-purchase contract to which a
9 county is a party or in which a county has a
10 participatory interest, is an obligation of a
11 political subdivision of this state for the purposes
12 of chapters 502 and 682, and is a lawful investment
13 for banks, trust companies, building and loan
14 associations, savings and loan associations,
15 investment companies, insurance companies, insurance
16 associations, executors, guardians, trustees, and any
17 other fiduciaries responsible for the investment of
18 funds.

19 (f) Property that is lease-purchased by a county
20 is exempt under section 427.1, subsection 2.

21 (g) A contract for construction by a private party
22 of property to be leased or lease-purchased by a
23 county is not a contract for a public improvement
24 under section 331.341, subsection 1. However, if a
25 lease-purchase contract is funded in advance by means
26 of the lessor depositing moneys to be administered by
27 a county, with the county's obligation to make rent
28 payments commencing with its receipt of moneys, a
29 contract for construction of the property in question
30 awarded by the county is a public improvement and is
31 subject to section 331.341, subsection 1.

32 (h) Notwithstanding provisions of subparagraph
33 subdivisions (a) through (d), if the lease or lease-
34 purchase contract is part of the funding mechanism to
35 enable a for profit or nonprofit corporation to
36 acquire, operate, or otherwise receive the benefit of
37 real or personal property subject to the lease or
38 lease-purchase contract, the county shall call a
39 county special election to vote upon the question of
40 entering into such contract. The county shall not
41 enter into such contract unless the vote in favor of
42 entering into such contract is equal to at least sixty
43 percent of the vote cast on the proposition.

44 Sec. 101. Section 331.402, subsection 3, Code
45 1989, is amended by striking the subsection and
46 inserting in lieu thereof the following:

47 3. A county may enter into loan agreements to
48 borrow money for any public purpose in accordance with
49 the following terms and procedures:

50 a. A loan agreement entered into by a county may

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1 contain provisions similar to those sometimes found in
2 loan agreements between private parties, including the
3 issuance of notes to evidence its obligations.

4 b. A provision of a loan agreement which
5 stipulates that a portion of the payments be applied
6 as interest is subject to chapter 74A. Other laws
7 relating to interest rates do not apply. Chapter 75
8 is not applicable. A county enterprise is a separate
9 entity under the provisions of this section whether it
10 is governed by the board or another governing body.

11 c. The board shall follow substantially the same
12 authorization procedure required for the issuance of
13 general obligation bonds issued for the same purpose,
14 to authorize a loan agreement made payable from the
15 debt service fund.

16 d. The board may authorize a loan agreement which
17 is payable from the general fund and which would not
18 cause the total of scheduled annual payments of
19 principal or interest or both principal and interest
20 of the county due from the general fund of the county
21 in any future year with respect to all loan agreements
22 in force on the date of the authorization to exceed
23 ten percent of the last certified general fund budget
24 amount in accordance with the following procedures:

25 (1) The board must follow substantially the
26 authorization procedures of section 331.443 to
27 authorize a loan agreement which is payable from the
28 general fund if the principal amount of the loan
29 agreement does not exceed the following limits:

30 (a) Seven hundred fifty thousand dollars in a
31 county having a population of twenty-five thousand or
32 less.

33 (b) One million dollars in a county having a
34 population of more than twenty-five thousand but not
35 more than fifty thousand.

36 (c) One million two hundred fifty thousand dollars
37 in a county having a population of more than fifty
38 thousand but not more than one hundred thousand.

39 (d) One million five hundred thousand dollars in a
40 county having a population of more than one hundred
41 thousand but not more than two hundred thousand.

42 (e) Two million dollars in a county having a
43 population of more than two hundred thousand.

44 (2) The board must follow the following procedures
45 to authorize a loan agreement which is payable from
46 the general fund if the principal amount of the loan
47 agreement exceeds the limits set forth in subparagraph
48 (1):

49 (a) The board must institute proceedings for
50 entering into a loan agreement by causing a notice of

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1 the proposal to enter into the loan agreement,
2 including a statement of the principal amount and
3 purpose of the loan agreement, and the right to
4 petition for an election, to be published as provided
5 in section 331.305 at least twenty days prior to the
6 meeting at which it is proposed to take the action.

7 (b) If at any time before the date fixed for
8 taking the action a petition is filed with the auditor
9 in the manner provided by section 331.306 asking that
10 the question of entering into the loan agreement be
11 submitted to the qualified electors of the county, the
12 board shall either by resolution declare the proposal
13 to enter into the loan agreement to have been
14 abandoned or shall direct the county commissioner of
15 elections to call a special election upon the question
16 of entering into the loan agreement. However, for
17 purposes of this paragraph the petition shall require
18 the signatures of three percent of the qualified
19 electors, except that no fewer than two hundred fifty
20 and no more than three thousand signatures are
21 required. Notice of the election and its conduct
22 shall be in the manner provided in section 331.442,
23 subsections 2 through 4.

24 (c) If no petition is filed, or if a petition is
25 filed and the proposition of entering into the loan
26 agreement is approved at an election, the board may
27 proceed and enter into the loan agreement.

28 (d) The governing body may authorize a loan
29 agreement payable from the net revenues of a county
30 enterprise or combined county enterprise by following
31 the authorization procedures of section 331.464.

32 (e) A loan agreement to which a county is a party
33 or in which a county has a participatory interest, is
34 an obligation of a political subdivision of this state
35 for the purpose of chapters 502 and 682, and is a
36 lawful investment for banks, trust companies, building
37 and loan associations, savings and loan associations,
38 investment companies, insurance companies, insurance
39 associations, executors, guardians, trustees, and any
40 other fiduciaries responsible for the investment of
41 funds.

42 (f) Notwithstanding provisions of subparagraph
43 subdivisions (a) through (d), if the loan agreement is
44 part of the funding mechanism to enable a for profit
45 or nonprofit corporation to acquire, operate, or
46 otherwise receive the benefit of real or personal
47 property, the county shall call a county special
48 election to vote upon the question of entering into
49 such loan agreement. The county shall not enter into
50 such agreement unless the vote in favor of entering

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1 into such agreement is equal to at least sixty percent
2 of the vote cast on the proposition."

3 2. Page 3, by inserting after line 35 the
4 following:

5 "Sec. 102. Section 364.4, subsection 4, Code 1989,
6 is amended by striking the subsection and inserting in
7 lieu thereof the following:

8 4. Enter into leases or lease-purchase contracts
9 for real and personal property in accordance with the
10 following terms and procedures:

11 a. A city shall lease or lease-purchase real or
12 personal property only for a term which does not
13 exceed the economic life of the property, as
14 determined by the governing body.

15 b. A lease or lease-purchase contract entered into
16 by a city may contain provisions similar to those
17 sometimes found in leases between private parties,
18 including the obligation of the lessee to pay any of
19 the costs of operation of ownership of the leased
20 property, and the right to purchase the leased
21 property.

22 c. A provision of a lease or lease-purchase
23 contract which stipulates that a portion of the rent
24 payments be applied as interest is subject to chapter
25 74A. Other laws relating to interest rates do not
26 apply. Chapter 75 shall not be applicable. A city
27 utility or city enterprise is a separate entity under
28 the provisions of this section whether it is governed
29 by the council or another governing body.

30 d. The governing body must follow substantially
31 the same authorization procedure required for the
32 issuance of general obligation bonds issued for the
33 same purpose to authorize a lease or a lease-purchase
34 contract made payable from the debt service fund.

35 The governing body may authorize a lease or lease-
36 purchase contract which is payable from the general
37 fund and which would not cause the total of annual
38 lease and lease-purchase payments of the city due from
39 the general fund of the city in any future year for
40 lease or lease-purchase contracts in force on the date
41 of the authorization, excluding payments to exercise
42 purchase options or to pay the expenses of operation
43 or ownership of the property, to exceed ten percent of
44 the last certified general fund budget amount in
45 accordance with the following procedures:

46 (1) The governing body must follow substantially
47 the authorization procedures of section 384.25 to
48 authorize a lease or lease-purchase contract which is
49 payable from the general fund if the principal amount
50 of the lease or lease-purchase contract does not

1 exceed the following limits:

2 (a) Seven hundred fifty thousand dollars in a city
3 having a population of five thousand or less.

4 (b) One million five hundred thousand dollars in a
5 city having a population of more than five thousand
6 but not more than seventy-five thousand.

7 (c) Two million dollars in a city having a
8 population of more than seventy-five thousand.

9 (2) The governing body must follow the following
10 procedures to authorize a lease or lease-purchase
11 contract which is payable from the general fund if the
12 principal amount of the lease or lease-purchase
13 contract exceeds the limits set forth in subparagraph
14 (1):

15 (a) The governing body may institute proceedings
16 to enter into a lease or lease-purchase contract by
17 causing a notice of the proposal to enter into the
18 lease or lease-purchase contract, including a
19 statement of the principal amount and purpose of the
20 lease or lease-purchase contract, and the right to
21 petition for an election, to be published at least
22 once in a newspaper of general circulation within the
23 city at least twenty days prior to the meeting at
24 which it is proposed to take action to enter into the
25 lease or lease-purchase contract.

26 (b) If any time before the date fixed for taking
27 action to enter into the lease or lease-purchase
28 contract, a petition is filed with the clerk of the
29 city in the manner provided by section 362.4, asking
30 that the question of entering into the lease or lease-
31 purchase contract be submitted to the qualified
32 electors of the city, the governing body shall either
33 by resolution declare the proposal to enter into the
34 lease or lease-purchase contract to have been
35 abandoned or shall direct the county commissioner of
36 elections to call a special election upon the question
37 of entering into the lease or lease-purchase contract.
38 However, for purposes of this paragraph, the petition
39 shall require the signatures of three percent of the
40 qualified electors, except that no fewer than one
41 hundred and no more than three thousand signatures are
42 required. Notice of the election and its conduct
43 shall be in the manner provided in section 384.26,
44 subsections 2 through 4.

45 (c) If no petition is filed, or if a petition is
46 filed and the proposition of entering into the lease
47 or lease-purchase contract is approved at an election,
48 the governing body may proceed and enter into the
49 lease or lease-purchase contract.

50 The governing body may authorize a lease or lease-

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1 purchase contract payable from the net revenues of a
2 city utility, combined utility system, city
3 enterprise, or combined city enterprise by following
4 the authorization procedures of section 384.83.

5 (d) A lease or lease-purchase contract to which a
6 city is a party or in which a city has a participatory
7 interest, is an obligation of a political subdivision
8 of this state for the purposes of chapters 502 and
9 682, and is a lawful investment for banks, trust
10 companies, building and loan associations, savings and
11 loan associations, investment companies, insurance
12 companies, insurance associations, executors,
13 guardians, trustees, and any other fiduciaries
14 responsible for the investment of funds.

15 (e) Property that is lease-purchased by a city is
16 exempt under section 427.1, subsection 2.

17 (f) A contract for construction by a private party
18 of property to be leased or lease-purchased by a city
19 is not a contract for a public improvement under
20 section 384.95, subsection 1, except for purposes of
21 section 384.102. However, if a lease-purchase
22 contract is funded in advance by means of the lessor
23 depositing moneys to be administered by a city, with
24 the city's obligations to make rent payments
25 commencing with its receipt of moneys, a contract for
26 construction of the property in question awarded by
27 the city is subject to division VI of chapter 384.

28 (g) Notwithstanding provisions of subparagraph
29 subdivisions (a) through (c), if the lease or lease-
30 purchase contract is part of the funding mechanism to
31 enable a for profit or nonprofit corporation to
32 acquire, operate, or otherwise receive the benefit of
33 real or personal property subject to the lease or
34 lease-purchase contract, the city shall call a city
35 special election to vote upon the question of entering
36 into such contract. The city shall not enter into
37 such contract unless the vote in favor of entering
38 into such contract is equal to at least sixty percent
39 of the vote cast on the proposition.

40 Sec. 103. Section 384.24A, Code 1989, is amended
41 by striking the section and inserting in lieu thereof
42 the following:

43 384.24A LOAN AGREEMENTS.

44 A city may enter into loan agreements to borrow
45 money for any public purpose in accordance with the
46 following terms and procedures:

47 1. A loan agreement entered into by a city may
48 contain provisions similar to those sometimes found in
49 loan agreements between private parties, including the
50 issuance of notes to evidence its obligations.

1 2. A provision of a loan agreement which
2 stipulates that a portion of the payments be applied
3 as interest is subject to chapter 74A. Other laws
4 relating to interest rates do not apply. Chapter 75
5 is not applicable. A city utility or city enterprise
6 is a separate entity under this section whether it is
7 governed by the council or another governing body.

8 3. The governing body shall following
9 substantially the same authorization procedure
10 required for the issuance of general obligation bonds
11 issued for the same purpose, to authorize a loan
12 agreement made payable from the debt service fund.

13 The governing body may authorize a loan agreement
14 which is payable from its general fund and which would
15 not cause the total of scheduled annual payments of
16 principal or interest or principal and interest of the
17 city due from the general fund of the city in any
18 future year with respect to all loan agreements in
19 force on the date of the authorization, to exceed ten
20 percent of the last certified general fund budget
21 amount in accordance with the following procedures:

22 a. The governing body must follow substantially
23 the authorization procedures of section 384.25 to
24 authorize a loan agreement which is payable from the
25 general fund if the principal amount of the loan
26 agreement does not exceed the following limits:

27 (1) Seven hundred fifty thousand dollars in a city
28 having a population of five thousand or less.

29 (2) One million five hundred thousand dollars in a
30 city having a population of more than five thousand
31 but not more than seventy-five thousand.

32 (3) Two million dollars in a city having a
33 population of more than seventy-five thousand.

34 b. The governing body must follow the following
35 procedures to authorize a loan agreement which is
36 payable from the general fund if the principal amount
37 of the loan agreement exceeds the limits set forth in
38 subparagraph (a):

39 (1) The governing body may institute proceedings
40 to enter into a loan agreement payable from its
41 general fund by causing a notice of the proposal to
42 enter into the loan agreement, including a statement
43 of the principal amount and purpose of the loan
44 agreement, and the right to petition for an election,
45 to be published at least once in a newspaper of
46 general circulation within the city at least twenty
47 days prior to the meeting at which it is proposed to
48 take action to enter into the loan agreement.

49 (2) If any time before the date fixed for taking
50 action to enter into the loan agreement, a petition is

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1 filed with the clerk of the city in the manner
2 provided by section 362.4, asking that the question of
3 entering into the loan agreement be submitted to the
4 qualified electors of the city, the governing body
5 shall either by resolution declare the proposal to
6 enter into the loan agreement to have been abandoned
7 or shall direct the county commissioner of elections
8 to call a special election upon the question of
9 entering into the loan agreement. However, for
10 purposes of this paragraph, the petition shall require
11 the signatures of three percent of the qualified
12 electors, except that no fewer than one hundred and no
13 more than three thousand signatures are required.
14 Notice of the election and its conduct shall be in the
15 manner provided in section 384.26, subsections 2
16 through 4.

17 (3) If no petition is filed, or if a petition is
18 filed and the proposition of entering into the loan
19 agreement is approved at an election, the governing
20 body may proceed and enter into the loan agreement.

21 The governing body may authorize a loan agreement
22 payable from the net revenues of a city utility,
23 combined utility system, city enterprise, or combined
24 city enterprise by following the authorization
25 procedures of section 384.83.

26 c. A loan agreement to which a city is a party, or
27 in which the city has a participatory interest, is an
28 obligation of a political subdivision of this state
29 for the purposes of chapters 502 and 682, and is a
30 lawful investment for banks, trust companies, building
31 and loan associations, savings and loan associations,
32 investment companies, insurance companies, insurance
33 associations, executors, guardians, trustees, and any
34 other fiduciaries responsible for the investment of
35 funds.

36 4. Notwithstanding provisions of subparagraph b,
37 if the loan agreement is part of the funding mechanism
38 to enable a for profit or nonprofit corporation to
39 acquire, operate, or otherwise receive the benefit of
40 real or personal property, the city shall call a city
41 special election to vote upon the question of entering
42 into such loan agreement. The city shall not enter
43 into such agreement unless the vote in favor of
44 entering into such agreement is equal to at least
45 sixty percent of the vote cast on the proposition.

46 Sec. ____.

47 Sections 100 through 103 of this Act are applicable
48 to a lease, lease-purchase, or loan agreement entered
49 into on or after July 1, 1990."

50 3. Title page, line 1, by inserting after the

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1 word "by" the following: "specifying how cities and
2 counties enter into loan agreements, leases, and
3 lease-purchases and".

By CARPENTER of Polk
HALVORSON of Webster

METCALF of Polk
TRENT of Muscatine

H-5743 FILED MARCH 16, 1990

Bellevue not germane 3/19 (p. 1191)

H-5755

1 Amend Senate File 2227 as passed by the Senate as
2 follows:

3 1. Page 1, by inserting after line 23 the
4 following:

5 "Sec. ____ . NEW SECTION. 331.485A ISSUANCE OF
6 GENERAL OBLIGATION BONDS -- REVERSE REFERENDUM.

7 1. Each board of supervisors of a county seeking
8 to form a joint special assessment district must
9 follow the following procedures to form the district
10 which anticipates the issuance of general obligation
11 bonds by the governmental units within the proposed
12 district to finance the public improvement:

13 a. The board must institute proceedings for
14 entering into an agreement to form a district by
15 causing a notice of the proposal to enter into the
16 agreement, including a statement of the cost of the
17 public improvement, the principal amount of special
18 assessment and general obligation bonds anticipated to
19 be issued, and the right to petition for an election,
20 to be published as provided in section 331.305 at
21 least twenty days prior to the meeting at which it is
22 proposed to take the action.

23 b. If at any time before the date fixed for taking
24 the action a petition is filed with the auditor in the
25 manner provided by section 331.306 asking that the
26 question of entering into the agreement be submitted
27 to the qualified electors, the board shall either by
28 resolution declare the proposal to enter into the
29 agreement to have been abandoned or shall direct the
30 county commissioner of elections to call a special
31 election upon the question of entering into the
32 agreement. However, for purposes of this paragraph
33 the petition shall require the signatures of three
34 percent of the qualified electors residing in the area
35 of the proposed district, except that no fewer than
36 two hundred fifty and no more than three thousand
37 signatures are required. Notice of the election shall
38 be in the manner provided in section 331.442,
39 subsection 3. A separate vote shall be taken in the
40 unincorporated areas of each county and areas of each
41 city which are to be part of the proposed district.

42 2. If no petition is filed, or if a petition is
43 filed and the proposition of entering into the
44 agreement is approved at an election by each
45 unincorporated area of each county and the areas of
46 each city which are to be part of the proposed
47 district, the board may proceed and enter into the
48 agreement. If the proposition fails in the area of
49 one or more governmental units within the proposed
50 joint special assessment district, the board may
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1 proceed to enter into the agreement with only those
2 areas in which the proposal was approved."

By METCALF of Polk
CARPENTER of Polk

SENATE FILE 2227

AN ACT

RELATING TO PUBLIC IMPROVEMENTS, BY AUTHORIZING COUNTIES TO CREATE SPECIAL ASSESSMENT DISTRICTS IN AREAS OF THE COUNTY OUTSIDE CITIES OR WITHIN CITIES FOR CERTAIN PUBLIC IMPROVEMENTS, TO ASSESS THE COST OF THE IMPROVEMENTS TO THE BENEFITED PROPERTY WITHIN THE DISTRICTS, TO ESTABLISH AND COLLECT RATES AND CHARGES TO MAINTAIN AND OPERATE THE IMPROVEMENTS, AND BY PROVIDING AN EFFECTIVE DATE.

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

PART 6

SPECIAL ASSESSMENT DISTRICTS

Section 1. NEW SECTION. 331.485 DEFINITIONS.

As used in this part, unless the context otherwise requires:

1. "County special assessment district" means the area of a county outside of cities within boundaries established by the board of supervisors for the purpose of assessment of the cost of a public improvement.
2. "Cost" means cost as defined in section 384.37.
3. "District" means a joint special assessment district, and a county special assessment district.
4. "Joint special assessment district" means a district defined by a county and one or more other counties or one or more cities within the county or within an adjacent county pursuant to an agreement entered into by the county and one or more other counties or cities in accordance with chapter 28E and this part with respect to public improvements which the parties to the agreement determine benefit the property located in the cities and the designated area of the counties outside of cities, which are parties to the agreement.
5. "Public improvement" means public improvement as defined in section 384.37.

Sec. 2. NEW SECTION. 331.486 ASSESSMENT OF COSTS OF PUBLIC IMPROVEMENTS.

A county may assess to property within a county special assessment district the cost of construction and repair of public improvements benefiting the district and may assess to county property within a joint special assessment district the cost of construction and repair of public improvements benefiting the district. A county may construct and assess the cost of public improvements within a district in the same manner as a city may proceed under chapter 384, division IV, and chapter 384, division IV, applies to counties with respect to public improvements, the assessment of their costs, and the issuance of bonds for the public improvements. A county may contract for a public improvement benefiting a district under this part pursuant to part 3 of chapter 331, division III.

Sec. 3. NEW SECTION. 331.487 SPECIAL ASSESSMENT BONDS FOR PUBLIC IMPROVEMENTS.

A county may issue special assessment bonds in anticipation of the collection of special assessments for the cost of public improvements benefiting a district in the same manner as provided for cities under chapter 384, division IV.

Sec. 4. NEW SECTION. 331.488 JOINT AGREEMENTS FOR PUBLIC IMPROVEMENTS.

An agreement entered into between a county and a city or another county in accordance with chapter 28E with respect to a public improvement may include, but is not limited to, the following:

1. The sharing of the total cost of the public improvement among all parties to the agreement.
2. The amount of total assessments against private property within each city and within the area of each county outside a city included within the district.
3. The method of specially assessing and determining benefits.
4. The amount of funds, if any, to be contributed by each city and each county to the project other than special assessments.

5. The rates to be established and imposed upon property within the district to pay the expenses of operation and maintenance of the public improvements.

6. The reduction of the county's debt service tax levy rate against property within a city which is a party to the joint agreement.

Sec. 5. NEW SECTION. 331.489 RATES AND CHARGES RELATING TO PUBLIC IMPROVEMENTS.

A county which has created a district for a public improvement and, to the extent provided in the agreement creating a joint special assessment district, each county or city which is a party to the agreement, may establish, impose, adjust, and provide for the collection of rates and charges to produce gross revenues at least sufficient to pay the expenses of operation and maintenance of a public improvement, against property within the district and, where appropriate, establish, impose, adjust, and provide for the collection of charges for connection to a public improvement. The rates and charges must be established by ordinance of the governing body of the county or the city imposing the rates or charges. The rates and charges established as provided in this section, if not paid as provided by the ordinance of the governing body, are a lien upon the premises served or benefited by the public improvement and may be certified to the county auditor and collected in the same manner as property taxes.

Sec. 6. NEW SECTION. 331.490 CITIES SUBJECT TO DEBT SERVICE TAX LEVY -- RATES.

1. If a county and city have entered into an agreement to create a joint special assessment district and issue county general obligation bonds to fund the costs of a public improvement benefiting that district, the county's debt service tax levy for the county general obligation bonds shall not be levied against property located in any city except a city which has entered into the agreement.

2. Counties and cities entering into an agreement for a joint special assessment district may provide in the agreement for a different rate of the county's debt service tax levy

against property in areas of the county outside a city and property within the cities.

Sec. 7. NEW SECTION. 331.491 AUTHORITY.

The authority of a county or a city under this part with respect to districts and the financing of public improvements is in addition to any other authority of a county or city to contract and levy special assessments and issue bonds to fund the costs.

Sec. 8.

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

JO ANN ZIMMERMAN
President of the Senate

DONALD D. AVENSON
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2227, Seventy-third General Assembly.

JOHN F. DWYER
Secretary of the Senate

Approved March 30, 1990

TERRY E. BRANSTAD
Governor