

do pass 2989 (p. 38) FILED JAN 24 1989
~~Approved~~

SENATE FILE 91
BY COMMITTEE ON TRANSPORTATION

(SUCCESSOR TO SSB 83)

Passed Senate, Date 1/20/89 (p. 210) Passed House, Date 2/16/89 (p. 499)
Vote: Ayes 50 Nays 0 Vote: Ayes 97 Nays 0
Approved 3/6/89 (p. 640)

A BILL FOR

1 An Act to repeal the state department of transportation's
2 authority to collect delinquent property taxes owed by railway
3 companies.

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

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SF 91

1 Section 1. Section 307B.9, unnumbered paragraph 1, Code
2 1989, is amended to read as follows:

3 Except as provided in this chapter, all obligations are
4 payable solely out of the pledged receipts as designated in
5 the bond proceedings. Tax funds which the authority receives
6 from a political subdivision of the state shall not be pledged
7 for payment of the obligations. Except for those tax funds
8 deposited in the special railroad facility fund as provided in
9 sections ~~307-29~~, 307B.23, subsection 3, 435.9 and 324A.8, the
10 state shall not appropriate tax funds, directly or indirectly,
11 to the authority for the purpose of payment of obligations of
12 the authority. Obligations shall be authorized by resolution
13 of the board and bond proceedings shall provide for the
14 purpose of the obligations, the principal amount, the
15 principal maturity or maturities, not exceeding twenty-five
16 years from the date of issuance, the interest rate or rates or
17 the maximum interest rate, the date of the obligations and the
18 dates of payment of interest on them, their denomination, and
19 the establishment within or without the state of a place or
20 places of payment of bond service charges. As much as is
21 practicable within the legal and fiscal limitations inherent
22 in bond issuance, a portion of the bonds shall be issued in
23 denominations of five thousand dollars and smaller, in order
24 to allow smaller investors in the state to purchase the bonds.
25 The purpose of the obligations may be stated in the bond
26 proceedings in terms describing the general purpose or
27 purposes to be served. The bond proceedings shall also
28 provide, subject to other applicable bond proceedings, for the
29 pledge of all or such part, as the authority may determine, of
30 the pledged receipts to the payment of bond service charges,
31 which pledges may be made either prior or subordinate to other
32 expenses, claims or payments, and may be made to secure the
33 obligations on a parity with obligations issued at other
34 times, if and to the extent provided in the bond proceedings.
35 The pledged receipts so pledged and received by the authority

1 are immediately subject to the lien of the pledge without
2 physical delivery or further act, and the pledge of the
3 pledged receipts is effective and these moneys may be applied
4 to the purposes for which pledged without necessity for an Act
5 of appropriation. Every pledge and every covenant and
6 agreement with respect to a pledge made in the bond
7 proceedings may be extended to the benefit of the owners and
8 holders of obligations authorized by this chapter, and to any
9 trustee for owners and holders, for the further security of
10 the payment of the bond service charges. The authority shall
11 issue a prospectus or official statement in connection with
12 the offering of obligations. Obligations may be issued in
13 coupon or in registered form, or both. Provision may be made
14 for the registration of obligations with coupons attached as
15 to principal alone or as to both principal and interest, their
16 exchange for obligations so registered, and for the conversion
17 or reconversion into obligations with coupons attached of any
18 obligations registered as to both principal and interest, and
19 for reasonable charges for registration, exchange, conversion
20 and reconversion. Obligations may be sold at public or
21 private sale at the price, in the manner, and at the time
22 determined by the governing board. Chapter 75 and sections
23 23.12 to 23.16 do not apply to obligations issued under this
24 chapter. All obligations are negotiable instruments.

25 Sec. 2. Section 307B.23, subsection 1, unnumbered
26 paragraph 1, Code 1989, is amended to read as follows:

27 There is created in the office of the state treasurer a
28 "special railroad facility fund". This fund shall include
29 moneys credited to this fund under ~~sections-307.29~~, section
30 435.9, and other moneys which by law may be credited to the
31 special railroad facility fund. The moneys in the special
32 railroad facility fund are appropriated to and for the
33 purposes of the authority as provided in this chapter. The
34 funds in the special railroad facility fund shall not be
35 considered as a part of the general fund of the state, are not

1 subject to appropriation for any other purpose by the general
2 assembly, and in determining a general fund balance shall not
3 be included in the general fund of the state but shall remain
4 in the special railroad facility fund to be used for the
5 purposes set forth in this section. The treasurer of state
6 shall act as custodian of the fund and disburse amounts
7 contained in it as directed by the authority. The treasurer
8 of state is authorized to invest the funds deposited in the
9 special railroad facility fund at the direction of the
10 authority and subject to any limitations contained in the bond
11 proceedings. The income from ~~such~~ the investment shall be
12 credited to and deposited in the special railroad facility
13 fund. This fund shall be administered by the authority and
14 may be used to purchase or upgrade railroad right-of-way and
15 trackage facilities or to purchase general or limited
16 partnership interests in a partnership formed to purchase,
17 upgrade, or operate railroad right-of-way and trackage
18 facilities, to pay or secure obligations issued by the
19 authority, to pay obligations, judgments, or debts for which
20 the authority becomes liable in its capacity as a general
21 partner, or for any other use authorized under this chapter.
22 The fund may also be used to purchase or upgrade railroad
23 right-of-way and trackage facilities for the development of
24 railroad passenger tourism.

25 Sec. 3. Section 307.29, Code 1989, is repealed.

26 EXPLANATION

27 This bill repeals the requirement that the counties turn
28 over delinquent property tax statements of railway companies
29 to the state department of transportation for consolidation
30 and collection. Any moneys collected are credited to the
31 special railroad facility fund. Following repeal of the
32 section, the county where the property exists will be
33 responsible for collection and will receive any delinquent
34 property taxes.

35

Drake, CH.
LLOYD-JONES
SCOTT

SSB 83
TRANSPORTATION
NOW

SENATE FILE 91
BY (PROPOSED DEPARTMENT OF
TRANSPORTATION BILL)

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

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2 authority to collect delinquent property taxes owed by railway
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18 obligations registered as to both principal and interest, and
19 for reasonable charges for registration, exchange, conversion
20 and reconversion. Obligations may be sold at public or
21 private sale at the price, in the manner, and at the time
22 determined by the governing board. Chapter 75 and sections
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33 purposes of the authority as provided in this chapter. The
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35 BACKGROUND STATEMENT

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SUBMITTED BY THE AGENCY

In 1980, the Legislature directed the counties to transmit the unpaid tax statement to the department for collection. The Legislature also directed the department to collect property taxes not paid by railway companies within 60 days. These delinquent taxes are credited to the special railroad facility fund.

In fiscal year 1983, the department collected approximately \$2,235,000 from the Milwaukee and Rock Island railroad bankruptcy settlements. Between fiscal years 1984 and 1987 the department collected nearly \$11,000 from other miscellaneous delinquent property taxes. In fiscal year 1988, the department along with the Attorney General's Office mounted an extensive collection effort and was able to collect \$24,405, the highest amount in recent years. The department and the Attorney General's Office are continuing to pursue several claims. The back taxes generally result from railroad bankruptcies or inadvertent late tax filings by the railroads. However, bankruptcy activity has diminished and the railroads are more familiar with the law so the department does not expect to collect more than \$5,000 to \$10,000 per year in the future. The administrative costs to collect the back taxes are high in relation to the amount collected.

SENATE FILE 91

AN ACT

TO REPEAL THE STATE DEPARTMENT OF TRANSPORTATION'S AUTHORITY
TO COLLECT DELINQUENT PROPERTY TAXES OWED BY RAILWAY
COMPANIES.

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

Section 1. Section 307B.9, unnumbered paragraph 1, Code 1989, is amended to read as follows:

Except as provided in this chapter, all obligations are payable solely out of the pledged receipts as designated in the bond proceedings. Tax funds which the authority receives from a political subdivision of the state shall not be pledged for payment of the obligations. Except for those tax funds deposited in the special railroad facility fund as provided in sections 307.297, 307B.23, subsection 3, 435.9 and 324A.8, the state shall not appropriate tax funds, directly or indirectly, to the authority for the purpose of payment of obligations of the authority. Obligations shall be authorized by resolution of the board and bond proceedings shall provide for the purpose of the obligations, the principal amount, the principal maturity or maturities, not exceeding twenty-five years from the date of issuance, the interest rate or rates or the maximum interest rate, the date of the obligations and the dates of payment of interest on them, their denomination, and the establishment within or without the state of a place or places of payment of bond service charges. As much as is practicable within the legal and fiscal limitations inherent in bond issuance, a portion of the bonds shall be issued in

denominations of five thousand dollars and smaller, in order to allow smaller investors in the state to purchase the bonds. The purpose of the obligations may be stated in the bond proceedings in terms describing the general purpose or purposes to be served. The bond proceedings shall also provide, subject to other applicable bond proceedings, for the pledge of all or such part, as the authority may determine, of the pledged receipts to the payment of bond service charges, which pledges may be made either prior or subordinate to other expenses, claims or payments, and may be made to secure the obligations on a parity with obligations issued at other times, if and to the extent provided in the bond proceedings. The pledged receipts so pledged and received by the authority are immediately subject to the lien of the pledge without physical delivery or further act, and the pledge of the pledged receipts is effective and these moneys may be applied to the purposes for which pledged without necessity for an Act of appropriation. Every pledge and every covenant and agreement with respect to a pledge made in the bond proceedings may be extended to the benefit of the owners and holders of obligations authorized by this chapter, and to any trustee for owners and holders, for the further security of the payment of the bond service charges. The authority shall issue a prospectus or official statement in connection with the offering of obligations. Obligations may be issued in coupon or in registered form, or both. Provision may be made for the registration of obligations with coupons attached as to principal alone or as to both principal and interest, their exchange for obligations so registered, and for the conversion or reconversion into obligations with coupons attached of any obligations registered as to both principal and interest, and for reasonable charges for registration, exchange, conversion and reconversion. Obligations may be sold at public or private sale at the price, in the manner, and at the time determined by the governing board. Chapter 75 and sections

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right-of-way and trackage facilities for the development of railroad passenger tourism.

Sec. 3. Section 307.29, Code 1989, is repealed.

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 91, Seventy-third General Assembly.

JOHN F. DWYER
Secretary of the Senate

Approved 3/6 _____, 1989

TERRY E. BRANSTAD
Governor