

Reported Recommending
 Ind. Postponed.....
 Passed Senate
 Failed to Pass Senate.....
 Passed House
 Failed to Pass House.....

Senate File 49

January 21. 1947.
 Passed on File.

By BYERS and KEIR.

A BILL FOR

An Act to provide for the creation of a local improvement guaranty fund, by cities and towns, including cities under special charter, through taxation, for the purpose of guaranteeing the payment of special improvement bonds and interest thereon, and providing for the payment of said bonds and interest thereon out of such guaranty fund in the event there are no funds on hand in the special improvement fund to pay the bonds and interest thereon as the same become due.

Be It Enacted by the General Assembly of the State of Iowa:

1 Section 1. Any city or town which may hereafter issue its
 2 special improvement bonds, shall by the levy of a tax of not to
 3 exceed one mill in any one year, create a fund for the purpose of
 4 guaranteeing, to the extent of such fund, the payment of the prin-
 5 cipal and interest due on special assessment bonds issued for
 6 local improvements; such fund shall be designated "local improve-
 7 ment guaranty fund".

1 Sec. 2. All excess interest charges and penalties collected
 2 by the city or town for the benefit or credit of any special
 3 improvement fund and remaining on hand after all the bonds, to-
 4 gether with interest thereon, issued against said special improve-
 5 ment fund shall have been fully paid and cancelled, shall be
 6 transferred to the said local improvement guaranty fund.

1 Sec. 3. When any bond or coupon drawn against any special
2 improvement fund is presented to the city or town for payment,
3 and there is not sufficient amount in said special improvement
4 fund against which it is drawn to pay the same, unless otherwise
5 requested by the holder, payment therefor shall be made by war-
6 rant drawn against the local improvement guaranty fund.

1 Sec. 4. Whenever the city or town shall have paid under
2 its guaranty any sum or account of principal or interest due on
3 any special improvement bonds, it shall be subrogated to the
4 rights of the holders of such bonds or interest coupons so paid,
5 and such bonds or coupons, and the proceeds thereof, shall be-
6 come a part of the guaranty fund.

1 Sec. 5. After the creation of such guaranty fund the city
2 or town, at the time of making its annual budget and tax levy,
3 shall provide for the levying of a sum sufficient, within the
4 limit of one mill per annum, to pay warrants so issued and out-
5 standing, and to provide a reserve balance in said fund in an
6 amount of not to exceed five per centum of the total outstanding
7 bond obligations thereby guaranteed.

1 Sec. 6. If at the end of any fiscal year the balance on
2 hand in the guaranty fund exceeds five per centum of the out-
3 standing bond obligations thereby guaranteed, the amount of such
4 excess shall be transferred to the city or town general fund,
5 and any balance remaining in said guaranty fund after the payment
6 of all such bonds, interest coupons and warrants shall likewise
7 be transferred to the city or town general fund.

1 Sec. 7. The provisions of this Act shall be applicable
2 to all cities and towns including cities organized and operat-
3 ing under a special charter.

4 Sec. 8. This Act being deemed of immediate importance,
5 shall be in full force and effect from and after its passage
6 and publication in, a newspaper pub-
7 lished at, Iowa, and the,
8 a newspaper published at, Iowa.

EXPLANATION OF S. F. 49

This bill would permit cities and towns to levy a special property tax for the purpose of guaranteeing bond issues for improvements and which at the present time are guaranteed only by the proceeds of special assessment funds. It is endorsed by the Iowa League of Municipalities and municipal officials in general.