

February 19, 1951.

House File 456

Banks, Building and Loan. By NELSON of Woodbury and CROSIER.

Passed House, Date

Vote: Ayes..... Nays.....

Passed Senate, Date.....

Vote: Ayes..... Nays.....

Approved

A BILL FOR

An Act relating to the form and issuance of municipal bonds; to amend certain sections of the Code relating thereto; to repeal certain sections of the Code relating thereto, and to enact a substitute therefor.

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

1 Sections one (1) to sixteen (16) hereof are enacted as a new
2 chapter to be added to Title XV of the Code and entitled "Form and
3 Issuance of Municipal Bonds".

1 Section 1. Applicability. This chapter is applicable to all
2 municipal corporations and to all bonds of every kind and nature
3 issued by such corporations except special assessment bonds, bonds
4 issued under the provisions of chapter three hundred ninety-four
5 (394), and bonds issued under the provisions of chapter three
6 hundred ninety-seven (397). (New.)

7 (Saving clause, sec. 16 of this bill.)

1 Sec. 2. Election—when required. No bonds, except those
2 specified in sections nine (9) and ten (10), shall be issued with-
3 out authorization by at least sixty percent of the electors of
4 the municipal corporation voting thereon at an election. (New,
5 75.1, C50, similar provision.)

1 Sec. 3. Initiation of proceedings. The proceedings to call
2 such an election may be instituted by the council or by a petition
3 to the council signed by the electors of the municipal corpora-
4 tion equal in number to at least twenty-five percent of the
5 number voting for the candidate for any municipal office who
6 received the greatest number of votes at the last regular
7 municipal election and filed with the clerk of the municipal
8 corporation. Said petition shall state the purpose for which
9 indebtedness is desired to be incurred and the amount of bonds
10 proposed to be issued in evidence thereof and shall request that
11 such question be submitted at an election. (407.6, C50, revised.)

1 Sec. 4. Preliminary resolution. The council may, upon its
2 own motion, or shall within forty-five days of the filing of a
3 proper petition, adopt a preliminary resolution providing:

- 4 1. The amount of bonds proposed to be issued.
- 5 2. The purpose for which issued.
- 6 3. The maximum annual rate of interest which they shall bear,
7 and whether payable annually or semiannually.
- 8 4. The place where principal and interest shall be payable
9 and when to become due.
- 10 5. The source or sources of income from which paid.
- 11 6. For a special election and the time and place thereof, or
12 for submitting the question as a special question at the next
13 regular municipal election if within ninety days of the filing of
14 the petition. (407.7, 408.4, C50, revised and combined.)

1 Sec. 5. Notice of election. The clerk shall give notice of

2 any election to be held for the issuance of bonds by publication
3 once each week for three consecutive weeks in the manner provided
4 by section six hundred eighteen point fourteen (618.14). The last
5 publication of said notice shall appear not less than five nor
6 more than twenty days before the date fixed by the council for a
7 special election or if submitted at a regular municipal election
8 before the date of such election. Said notice shall state the
9 same information as contained in the preliminary resolution pro-
10 vided in section four (4).

11 (407.8, C50, revised.)

1 Sec. 6. Question submitted. Each proposition for the
2 issuance of municipal bonds shall be submitted on a separate
3 ballot, but more than one of such propositions may be so submitted
4 at the same election, and as a part of each proposition so sub-
5 mitted there shall be stated on the ballot: The amount of indebt-
6 edness to be contracted, the amount of bonds to be issued, and the
7 source or sources of revenue from which such interest and bonds
8 shall be paid. The form of ballot shall be substantially as
9 follows:

10 Shall the city (or town) of contract indebtedness
11 not exceeding \$..... for the purpose of, and issue
12 bonds for such purpose to an amount not exceeding \$....., and
13 (Here insert one or both, as the case may be, of the following.)
14 for the payment of such bonds and the interest thereon?

15 1. levy a tax annually upon the taxable property in (Here
16 name city or town.) in an amount sufficient to meet maturing

17 interest and principal payments.

18 2. use the revenue from (Here name source of revenue other
19 than taxation.),. (407.9, C50, revised.)

1 Sec. 7. Frequency of submission. If a question fails to
2 secure the requisite majority it shall not again be submitted at
3 an election for one year. (407.11, C50, revised.)

1 Sec. 8. Issuance of bonds. If a question secures the
2 requisite majority the council shall issue the bonds and make
3 provision for the payment thereof according to the procedure
4 hereinafter set forth and as provided in chapters seventy-five
5 (75), seventy-six (76), and four hundred seven (407). All bonds
6 shall be sold at public sale as provided in sections seventy-
7 five point two (75.2) and seventy-five point three (75.3) of the
8 Code. (407.12, C50, revised.)

1 Sec. 9. Procedure without election. Bonds which the coun-
2 cil is compelled by law to issue, bonds for the refunding of
3 a valid matured obligation incurred by authority of law, bonds for
4 the refunding at an interest savings of an unmatured bond issue,
5 or bonds anticipating the collection of a tax already levied
6 for the current year may be issued upon the adoption of a resolu-
7 tion providing therefor by a vote of three fourths of all the
8 members of the council or in municipal corporations having but
9 three members of the council the vote of two members. Said
10 resolution shall conform to subsections one (1) to five (5),
11 inclusive, of section four (4) and bonds issued thereunder shall
12 be subject to the same procedure, formalities, and restrictions as

13 other bonds issued under the provisions of this chapter, except
14 that said resolution shall become final without holding an elec-
15 tion.

1 Sec. 10. Anticipatory bonds. Any municipal corporation may
2 anticipate the collection of taxes authorized to be levied for
3 purposes of cemetery purchase, dump grounds purchase, grading,
4 street improvement, sewer and purifying plant construction, flood
5 protection, equipping fire departments, airports and parking lots
6 or other revenue becoming available to said corporations for such
7 purposes and for those purposes may issue bonds in the form pro-
8 vided by this chapter and without an election but subject, how-
9 ever, to the provisions of sections twenty-three point twelve
10 (23.12) to twenty-three point sixteen (23.16), inclusive. (408.10,
11 C50, revised.)

1 Sec. 11. Interest—form. Municipal bonds shall be issued
2 serially in sums of not less than one hundred dollars nor more
3 than one thousand dollars each, running not more than twenty
4 years, bearing interest not exceeding five percent per annum
5 payable annually or semiannually, denominated by the name of the
6 purpose for which issued, and shall be substantially in the fol-
7 lowing form, but subject to changes that will conform them to the
8 resolution of the council:

9 BOND

10 The city (or town) of in the state of Iowa, for
11 value received promises to pay to bearer dollars,
12 on, with interest on said sum from the date hereof

13 until paid at the rate of percent per annum, payable
 14 annually on the first day of and
 15 in each year, on presentation and surrender of the interest
 16 coupons hereto attached; both principal and interest payable at
 17

18 This bond is issued by the city (or town) of,
 19 pursuant to the provisions of section(s), of the
 20 Code of Iowa, and in conformity to a resolution of the council
 21 of said city (or town) duly passed on the day of,
 22 19..... And it is hereby represented and certified that all
 23 things requisite according to the laws and constitution of the
 24 state of Iowa to be done precedent to the lawful issue of this
 25 bond have been performed as required by law, and that the total
 26 indebtedness of said city (or town), including this bond, does
 27 not exceed the constitutional or statutory limitations.

28 In testimony whereof the city (or town) by its council
 29 has caused this bond to be signed by its mayor and attested
 30 by its auditor (or clerk), with the seal of said city (or town)
 31 attached this day of, 19.....

32 (Seal)

33 Mayor of the city (or town)

34 of.....

35 Attest:
 36
 37 Clerk of the city (or town)
 38 of

39 (Form of Coupon)

40 The treasurer of the city (or town) of _____, Iowa, will
41 pay to bearer _____ dollars, on _____, at _____, for _____
42 annual interest on its _____ bond, dated _____. No. _____

43 Attest:

44 _____

45 Clerk of the city (or town)

46 of _____

47 (420.281, 408.2, C50, revised.)

1 Sec. 12. Signing. Said bonds shall be numbered consecutively,
2 signed by the mayor, and attested by the auditor or clerk as the
3 case may be, with the seal of the municipal corporation affixed.

4 The interest coupons attached thereto shall be attested by the
5 signature of the clerk or a facsimile thereof. (408.3, C50,
6 revised.)

1 Sec. 13. Registration. When bonds have been executed as
2 aforesaid, they shall be delivered to the treasurer of the municipi-
3 pal corporation, and his receipt taken therefor, who shall

4 register the same in a book provided for that purpose, which
5 shall show the number of each bond, its date, date of sale,

6 amount, date of maturity, and the name and address of the purch-
7 which record shall at all times be open to public inspection. The
8 treasurer shall thereupon certify upon the back of each bond as

9 follows: This bond duly and properly registered in my office

10 this _____ day of _____, 19_____.

11
 12 Treasurer of the city (or town)
 13 of.....

14 And shall stand charged upon his official bond with all
 15 bonds so delivered to him and the proceeds thereof.

16 After registration the treasurer shall deliver bonds to
 17 the purchasers thereof upon payment therefor. The proceeds of
 18 the sale of such bonds shall be used only for the purpose for
 19 which such bonds were issued. (408.8, C50, revised.)
 20 (408.5, C50, revised.)

1 Sec. 14. Report by treasurer. The treasurer shall report
 2 under oath to the council, at such times as the council may re-
 3 quire, a statement of all bonds sold or delivered by him since
 4 his last report, and the date of such sale or delivery.
 5 (408.15, C50, revised.)

1 Sec. 15. Limitation of Action. No action shall be brought
 2 questioning the legality of any of the bonds issued under this
 3 chapter from and after three months from the time the same are
 4 issued by the proper authority. (408.15, C50, revised.)

1 Sec. 16. Interpretation. This chapter relates only to the
 2 form and procedure for the issuance of bonds by a municipal
 3 corporation and is not to be construed as authorizing municipal
 4 indebtedness to an extent or for any purpose not elsewhere
 5 specifically authorized by law, but it shall be construed as a
 6 supplement to the procedural provisions of chapters twenty-three
 7 (23), seventy-five (75), and seventy-six (76) relating to the

8 authorization, sale, maturity, and payment of bonds.

9 The provisions of this chapter shall not be construed as
10 invalidating any proceedings for the issuance of bonds or bonds
11 issued thereunder if such proceedings were initiated under any
12 law existing at the time the proceedings were initiated.

1 Sec. 17. Section four hundred seven point five (407.5),
2 Code 1950, is amended by adding the following sentence: "Such
3 election shall be held in the manner provided by the chapter on
4 the form and issuance of municipal bonds."

1 Sec. 18. Section four hundred seven point six (407.6),
2 Code 1950, is hereby repealed. (See sec. 3)

1 Sec. 19. Section four hundred seven point seven (407.7),
2 Code 1950, is hereby repealed. (See sec. 4)

1 Sec. 20. Section four hundred seven point eight (407.8),
2 Code 1950, is hereby repealed. (See sec. 5)

1 Sec. 21. Section four hundred seven point nine (407.9),
2 Code 1950, is hereby repealed. (See sec. 6)

1 Sec. 22. Section four hundred seven point ten (407.10),
2 Code 1950, is hereby repealed. (See sec. 2)

1 Sec. 23. Section four hundred seven point eleven (407.11),
2 Code 1950, is hereby repealed. (See sec. 7)

1 Sec. 24. Section four hundred seven point twelve (407.12),
2 Code 1950, is amended by striking from line four (4) the period
3 after the word "interest" and adding the following: "as provided
4 by the chapter on the form and issuance of municipal bonds."

1 Sec. 25. Section four hundred seven point thirteen (407.13),

2 Code 1950, is hereby repealed. (See sec. 11)

1 Sec. 26. Section four hundred seven point fourteen (407.14),

2 Code 1950, is hereby repealed.

1 Sec. 27. Section four hundred eight point two (408.2),

2 Code 1950, is hereby repealed and the following enacted in lieu

3 thereof: "The form and procedure for the issuance of such

4 bond shall be as provided in the chapter on the form and issuance

5 of municipal bonds."

6 (Form of bond—see sec. 11)

1 Sec. 28. Section four hundred eight point three (408.3),

2 Code 1950, is hereby repealed. (See sec. 12)

1 Sec. 29. Section four hundred eight point four (408.4),

2 Code 1950, is hereby repealed. (See sec. 4)

1 Sec. 30. Section four hundred eight point five (408.5),

2 Code 1950, is hereby repealed. (See sec. 13)

1 Sec. 31. Section four hundred eight point six (408.6),

2 Code 1950, is hereby repealed. (See sec. 14.)

1 Sec. 32. Section four hundred eight point seven (408.7),

2 Code 1950, is hereby repealed. (See sec. 9)

1 Sec. 33. Section four hundred eight point eight (408.8),

2 Code 1950, is hereby repealed. (See sec. 13)

1 Sec. 34. Section four hundred eight point nine (408.9),

2 Code 1950, is amended by striking from line five (5) the period

3 after the word "taxation" and adding the following: "and of chap-

4 ter seventy-six (76)."

1 Sec. 35. Sections four hundred eight point ten (408.10) to

2 four hundred eight point fifteen (408.15), inclusive, Code 1950,
3 are hereby repealed. (See secs. 10, 11 and 15; also see secs.
4 23.12 to 23.16, 76.2, C50)

1 Sec. 36. Section four hundred eight point sixteen (408.16),
2 Code 1950, is amended by striking from line nine (9) the word
3 “fifty” and inserting in lieu thereof the word “twenty”.

1 Sec. 37. Section three hundred thirty point eight (330.8),
2 Code 1950, is amended by striking from line seven (7) the words
3 “chapter 408” and inserting in lieu thereof the words “the
4 chapter on the form and issuance of municipal bonds”.

1 Sec. 38. Section three hundred seventy point nine (370.9),
2 Code 1950, is amended by striking from line eight (8) the words
3 “chapter 408” and inserting in lieu thereof the words “the chapter
4 relating to the form and issuance of municipal bonds”.

1 Sec. 39. Section three hundred seventy-two point eleven
2 (372.11), Code 1950, is amended by adding at the end thereof the
3 following: “The provisions of the chapter on the form and issu-
4 ance of municipal bonds shall apply to such bonds.”.

1 Sec. 40. Section three hundred eighty-one point five (381.5),
2 Code 1950, is amended by striking all of lines six (6) to eight
3 (8), inclusive, and inserting in lieu thereof the words “of the
4 chapter relating to the form and issuance of municipal bonds
5 shall apply.”.

1 Sec. 41. Section three hundred eighty-three point eight
2 (383.8), Code 1950, is amended by striking the words commencing
3 with the word “chapter” in line seventeen (17) and ending with

4 the word "coupons" in line eighteen (18), inclusive, and
5 inserting in lieu thereof the following: "the chapter relating
6 to the form and issuance of municipal bonds shall apply".

1 Sec. 42. Section four hundred sixteen point one hundred
2 thirty-three (416.133), Code 1950, is hereby repealed and the
3 following enacted in lieu thereof: "The provisions of the chapter
4 relating to the form and issuance of municipal bonds shall apply
5 to all bonds issued under the provisions of section four hundred
6 sixteen point one hundred thirty-two (416.132).".

7 (See secs. 5 and 6 of this bill.)

1 Sec. 43. The explanatory material, notes, and historical
2 references incorporated in this bill shall not be considered as
3 any part of the enactment hereof and shall not be included in
4 the enrolled act.

EXPLANATION OF H. F. 456

The purpose of this bill is to amend, revise and codify the laws relating to the form and issuance of general obligation bonds issued by municipal corporations and to provide a single chapter outlining the procedure for the issuance of such bonds with reference to other statutes relating to procedure generally applicable to all public bonds.