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Senate File 334

Passed on File.

By: SHAFF.

Cities and Towns 2/27

Passed Senate, Date.....

Passed House, Date.....

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

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

Approved.....

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
2 its special improvement bonds, shall by the levy of a tax of
3 not to exceed one mill in any one year, create a fund for the
4 purpose of guaranteeing, to the extent of such fund, the pay-
5 ment of the principal and interest due on special assessment
6 bonds issued for local improvements; such fund shall be
7 designated "local improvement guaranty fund".

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

1 Sec. 3. When any bond or coupon drawn against any
2 special improvement fund is presented to the city or town
3 for payment, and there is not sufficient amount in said

4 special improvement fund against which it is drawn to pay
5 the same, unless otherwise requested by the holder, payment
6 therefor shall be made by warrant drawn against the local
7 improvement guaranty fund.

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

1 Sec. 5. After the creation of such guaranty fund the
2 city or town, at the time of making its annual budget and
3 tax levy, shall provide for the levying of a sum sufficient
4 within the limit of one mill per annum, to pay warrants so
5 issued and outstanding, and to provide a reserve balance in
6 said fund equal to five per centum of the aggregate amount
7 of the original issues of bonds of which there are bonds out-
8 standing and thereby guaranteed.

1 Sec. 6. If at the end of any fiscal year the balance on
2 hand in the guaranty fund exceeds said reserve balance de-
3 fined in the preceding section, the amount of such excess
4 shall be transferred to the city or town general fund, and
5 any balance remaining in said guaranty fund after the payment
6 of all such bonds, interest coupons and warrants shall like-
7 wise be transferred to the city or town general fund.

1 Sec. 7. Neither the holder nor the owner of any bond
2 subject to the provisions of this Act shall have any claim
3 therefor against the city or town by which the same is

4 issued, except for payment from the special assessments
 5 made for the improvement for which said bond was issued,
 6 and except as against the local improvement guaranty fund
 7 of such city or town; provided, however, that the provi-
 8 sions of this Act for the payment out of the local improve-
 9 ment guaranty fund of bonds or coupons drawn on special
 10 improvement funds where there is not sufficient amount in
 11 such special improvement funds to pay the same shall not
 12 be effective should such payment or the right thereto be
 13 construed to make such bonds and the interest thereon a
 14 debt of the city or town within the meaning of the consti-
 15 tution or statutes of the state of Iowa.

1 Sec. 8. The provisions of this Act shall be applicable
 2 to all cities and towns including cities organized and oper-
 3 ating under a special charter.

1 Sec. 9. This Act being deemed of immediate impor-
 2 tance shall be in full force and effect from and after its
 3 passage and publication in the,
 4 a newspaper published at, Iowa, and
 5 in, a newspaper published at
 6, Iowa.