

PRIMARY ROAD BONDS

April 18, 1950

On May first next \$4,295,007.50 of primary road bonds and interest thereon become due and payable. On November first next \$273,493.75 of primary road bonds and interest become due and payable. That winds up the payment of the primary road bonds. It likewise winds up the preliminary development of Iowa's primary road system.

It all started in 1919. The Thirty-eighth General Assembly passed the original primary road law - Chapter 237, Laws of the 38th General Assembly. That Act created the primary road system, set up a primary road fund for the construction and maintenance of the primary road system and authorized the counties to vote bonds to hasten the grading, draining and hard surfacing of the primary roads in the county voting the bonds.

The new primary road law became effective by publication on April 19, 1919. The Counties immediately started voting bonds for the improvement of the new primary road system. Black Hawk County was the first to vote. On June 3, 1919, that county voted \$1,500,000 of primary road bonds. Palo Alto County voted second. On June 10, 1919, Palo Alto voted on the issuance of \$750,000 of primary road bonds. The proposition was defeated.

Dickinson County on March 3, 1938, voted \$550,000 of primary road bonds. That was the last county to vote primary road bonds. In 1939 the Forty-eighth General Assembly took action to prevent the voting of any more primary road bonds, until 1950, by any county which had previously voted such bonds. (Chapter 116, Laws of the 48th G. A.)

During the nearly nineteen years from the Black Hawk County election on June 3, 1919, to the Dickinson County election on March 3, 1938, ninety-eight of the ninety-nine counties in the state voted a total of \$119,146,657 of primary road bonds. For various reasons \$960,657 of these authorized bonds never were issued. The total amount of primary road bonds actually issued and sold was \$118,186,000. The attached Table No. 1 shows the total amount of primary road bonds issued by each county. A total of \$113,671,000 of these bonds has been paid off and retired, leaving \$4,515,000 primary road bonds outstanding at the present time. Louisa County is the only county which did not vote any primary road bonds.

After the May 1, 1950, payment \$269,000 of primary road bonds will remain outstanding as follows:

Bremer County	\$ 57,000
Clay County	5,000
Clinton County	43,000
Des Moines County	24,000
Polk County	79,000
Woodbury County	<u>61,000</u>
Total	\$269,000

These remaining primary road bonds will be paid off on November 1, 1950.

The original primary road bond law of 1919 required that the interest on such bonds must be paid by the county from funds derived from a local property tax levied by the county. The principal of the bonds was to be paid from the county's allotment of the primary road fund. If in any year the county's allotment of the primary road fund was not sufficient to pay the maturing principal of primary road bonds, the county was required

to pay the deficit from the proceeds of a local property tax levied for that purpose. During the period 1919 to 1927

\$2,017,400.00 of principal and

3,209,993.54 of interest or

\$5,227,393.54 total

was paid by the counties from local tax levies.

In 1927 the primary road bond law was changed so that interest on primary road bonds could be paid out of the primary road fund. Also in 1927 the law was revised so as to do away with the allotting of the primary road fund among the counties. Since 1927 all maturing principal and accruing interest on primary road bonds issued by any county have been paid by the state out of the primary road fund. There have been no property taxes levied by any county in the past twenty-three years for the payment of either principal or interest of primary road bonds.

The State is now in the process of forwarding to the county treasurers a sufficient amount of primary road funds to pay the

\$4,246,000.00 of principal and

49,007.50 of interest

on primary road bonds which become due and payable on May first next, as shown in the attached Table No. 2. Vouchers in the proper amounts have been prepared and approved by the State Highway Commission in favor of the treasurer of each county in which such bonds and interest are payable on May first next.

The state comptroller will draw state warrants on the primary road fund and payable to the county treasurers in the

amounts required to meet these bond and interest payments. These warrants will be delivered to the county treasurers on or before the last day of April. The county treasurers will then have the funds to pay these bonds and the interest coupons as they are presented for payment on May first.

Primary road bonds could not, by law, be sold for less than their face value. The interest rate paid on such bonds could not exceed five percent. On two occasions in 1920 and in 1929 the money market was such that these bonds bearing five percent interest could not be sold at face value. There were no bidders willing to buy them. In each case the State Highway Commission was able to persuade large insurance companies and banks to buy several million dollars of these five percent bonds at face value even though the bonds were then not worth face value on the market.

The lowest interest rate at which any primary road bonds were sold was one-half of one percent. These one-half of one percent interest rate bond issues were

County	Date of Issue	Amount of Issue
Calhoun	May 1, 1943	\$ 550,000
Black Hawk	May 1, 1945	220,000
Dickinson	May 1, 1945	200,000
Greene	May 1, 1945	220,000
Osceola	May 1, 1942	216,000

The total interest paid or to be paid on the \$118,186,000 of primary road bonds from 1919 until the last of these bonds are paid in November of this year is \$49,871,961.70.

In 1919 when the counties began voting primary road bonds there were seventeen miles of paving on the primary road system. Now, as we near the end of paying off the primary road bonds, there are 5,716 miles of primary road paving. A comparison of the condition of the primary road system in April 1919 and in April 1950 is as follows:

	: April 1919	: April 1950
Paved	: 17 miles	: 5,716 miles
Bituminous surfaced	: -	: 846 "
Gravel	: 653 "	: 2,081 "
Built to grade but not surfaced	: -	: 16 "
Not built to finished grade	: 5,730 "	: 21 "
Total	: 6,400 miles	: 8,680 miles

There will be no more primary road bonds voted or issued. In 1949 the 53rd General Assembly repealed all primary road bond laws. (Chapter 130, Laws of the 53rd G. A.) There are no laws now on our statute books under which primary road bonds could be voted or issued. The State of Iowa and the counties are now on a pay-as-you-go basis with respect to all highway financing.

Iowa's highway finances have been kept on a sound, secure basis. The Legislature wisely provided that when bonds were voted, adequate funds and sources of income must be provided for paying the bonds and interest as they became due and payable. All such payments have been met promptly when due. The Legislature also wisely limited the life of any such bonds to not more than fifteen years. That insured that the bonds would be paid before the roads were worn out.

Starting thirty-one years ago, with the newly designated primary road system of 6,400 miles, ninety percent of which were unimproved dirt road, the State now has a primary road system of 8,680 miles, two-thirds of which are payed, 99.6% of which are surfaced with something - gravel, stone, blacktop or pavement - and all of these are paid for.

The final payment of the primary road bonds voted in the period 1919 to 1938, brings to a close the initial phase of development of the state's primary highway system. We now embark on a new era of primary road building. Old pavements will be widened, straightened, resurfaced and modernized. The unpaved gaps in otherwise paved roads will be paved. Rough, dusty gravel and stone surfaces on the light-traffic sections will be replaced with smooth, dustless bituminous surfaces. Old narrow, flimsy, dangerous bridges will give way to wide, safe, modern structures.

We propose to pay for what we build when we build it. This work will go on in a continuing cycle as highway traffic evolves and expands to meet our growing needs.

Table No. 1

Total Amount of Primary Road
Bonds Issued by Each County

<u>County</u>	<u>Total Amount of Primary Road Bonds Issued</u>
Adair	\$800,000.00
Adams	693,000.00
Allamakee	900,000.00
Appanoose	933,000.00
Audubon	1,150,000.00
Benton	1,242,000.00
Black Hawk	2,500,000.00
Boone	1,300,000.00
Bremer	1,300,000.00
Buchanan	925,000.00
Buena Vista	1,000,000.00
Butler	1,200,000.00
Calhoun	950,000.00
Carroll	1,500,000.00
Cass	1,500,000.00
Cedar	712,000.00
Cerro Gordo	750,000.00
Cherokee	1,000,000.00
Chickasaw	593,000.00
Clarke	630,000.00
Clay	1,273,000.00
Clayton	2,047,000.00
Clinton	2,800,000.00
Crawford	1,500,000.00
Dallas	1,500,000.00
Davis	600,000.00
Decatur	500,000.00
Delaware	1,350,000.00
Des Moines	971,000.00
Dickinson	550,000.00
Dubuque	2,700,000.00
Emmet	753,000.00
Fayette	1,860,000.00
Floyd	1,000,000.00
Franklin	1,400,000.00
Fremont	994,000.00
Greene	1,000,000.00
Grundy	1,230,000.00
Guthrie	1,200,000.00
Hamilton	1,350,000.00
Hancock	1,000,000.00
Hardin	1,300,000.00
Harrison	1,000,000.00
Henry	900,000.00
Howard	750,000.00
Humboldt	800,000.00
Ida	960,000.00
Iowa	900,000.00

<u>County</u>	<u>Total Amount of Primary Road Bonds Issued</u>
Jackson	1,000,000.00
Jasper	800,000.00
Jefferson	800,000.00
Johnson	849,000.00
Jones	1,200,000.00
Keokuk	1,300,000.00
Kossuth	1,500,000.00
Lee	1,488,000.00
Linn	3,167,000.00
Louisa	-
Lucas	532,000.00
Lyon	1,000,000.00
Madison	1,400,000.00
Mahaska	1,600,000.00
Marion	1,300,000.00
Marshall	800,000.00
Mills	775,000.00
Mitchell	800,000.00
Monona	1,000,000.00
Monroe	730,000.00
Montgomery	1,050,000.00
Muscatine	1,450,000.00
O'Brien	1,500,000.00
Osceola	800,000.00
Page	1,450,000.00
Palo Alto	500,000.00
Plymouth	1,145,000.00
Pocahontas	525,000.00
Polk	3,500,000.00
Pottawattamie	2,600,000.00
Poweshiek	560,000.00
Ringgold	425,000.00
Sac	1,100,000.00
Scott	3,250,000.00
Shelby	800,000.00
Sioux	1,000,000.00
Story	1,300,000.00
Tama	1,304,000.00
Taylor	750,000.00
Union	1,029,000.00
Van Buren	799,000.00
Wapello	1,000,000.00
Warren	1,200,000.00
Washington	1,000,000.00
Wayne	800,000.00
Webster	1,900,000.00
Winnebago	707,000.00
Winneshiek	1,800,000.00
Woodbury	2,885,000.00
Worth	650,000.00
Wright	1,400,000.00
Total	<u>\$118,186,000.00</u>

Table No. 2

Primary Road Bonds and Interest
Payable May 1, 1950

<u>COUNTY</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>TOTAL</u>
Appanoose	\$ 367.50	\$ 21,000.00	\$ 21,367.50
Black Hawk	2,210.00	212,000.00	214,210.00
Bremer	997.50		997.50
Buchanan	656.25	35,000.00	35,656.25
Butler	1,312.50	70,000.00	71,312.50
Buena Vista	600.00	120,000.00	120,600.00
Calhoun	330.00	132,000.00	132,330.00
Cherokee	500.00	100,000.00	100,500.00
Chickasaw	712.50	38,000.00	38,712.50
Clarke	630.00	36,000.00	36,630.00
Clay	648.75	168,000.00	168,648.75
Clayton	612.50	35,000.00	35,612.50
Clinton	752.50		752.50
Davis	375.00	20,000.00	20,375.00
Decatur	675.00	36,000.00	36,675.00
Delaware	843.75	45,000.00	45,843.75
Des Moines	450.00		450.00
Dickinson	700.00	190,000.00	190,700.00
Dubuque	1,687.50	90,000.00	91,687.50
Fayette	1,256.25	65,000.00	66,256.25
Floyd	385.00	22,000.00	22,385.00
Franklin	1,068.75	57,000.00	58,068.75
Fremont	980.00	56,000.00	56,980.00
Greene	250.00	100,000.00	100,250.00
Harrison	412.50	22,000.00	22,412.50
Henry	1,406.25	75,000.00	76,406.25
Howard	656.25	35,000.00	35,656.25
Humboldt	300.00	80,000.00	80,300.00
Ida	240.00	48,000.00	48,240.00
Iowa	300.00	15,000.00	15,300.00
Jackson	875.00	50,000.00	50,875.00
Jasper	1,015.00	58,000.00	59,015.00
Jefferson	375.00	20,000.00	20,375.00
Jones	1,312.50	70,000.00	71,312.50
Keokuk	675.00	36,000.00	36,675.00
Kossuth	1,312.50	70,000.00	71,312.50
Lee	1,406.25	75,000.00	76,406.25
Lucas	468.75	25,000.00	25,468.75
Lyon	750.00	200,000.00	200,750.00
Mahaska	637.50	34,000.00	34,637.50
Marshall	262.50	14,000.00	14,262.50
Mills	742.50	38,000.00	38,742.50
Monona	375.00	20,000.00	20,375.00
Monroe	675.00	36,000.00	36,675.00
Montgomery	1,143.75	61,000.00	62,143.75
O'Brien	431.25	23,000.00	23,431.25

<u>COUNTY</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>TOTAL</u>
Osceola	.427.50	114,000.00	114,427.50
Page	750.00	40,000.00	40,750.00
Palo Alto	1,050.00	280,000.00	281,050.00
Pocahontas	300.00	80,000.00	80,300.00
Polk	1,283.75		1,283.75
Pottawattamie	1,181.25	63,000.00	64,181.25
Sac	1,050.00	260,000.00	261,050.00
Sioux	1,050.00	280,000.00	281,050.00
Van Buren	825.00	44,000.00	44,825.00
Wapello	787.50	42,000.00	42,787.50
Warren	1,200.00	64,000.00	65,200.00
Washington	693.75	37,000.00	37,693.75
Wayne	543.75	29,000.00	29,543.75
Winneshiek	1,218.75	65,000.00	66,218.75
Woodbury	991.25		991.25
Worth	881.25	95,000.00	95,881.25
Total	\$49,007.50	\$4,246,000.00	\$4,295,007.50