

BONDS OF THE STATE OF IOWA

BY C. C. STILES, SUPERINTENDENT PUBLIC ARCHIVES DIVISION

Unusual interest in the question of bonds issued by the state of Iowa in the past has been created by the issue in 1921 of \$22,000,000 in bonds to pay the bonus to soldiers, sailors, marines, nurses and the dependents of the foregoing for services rendered during the World War, and by the action of the voters of the state at the recent election in authorizing bonds for \$100,000,000 for the construction and maintenance of permanent roads in the state. As superintendent of the Public Archives Division of the Historical Department of Iowa, having direct charge of all the public records of the state that are more than ten years old, I received several calls relating to the subject. With the thought that my findings on the subject might be of interest to the public and of some little historical use in the future I made a thorough search of the records with the following result:

The First General Assembly of the state adopted Chapter 37, approved February 8, 1847, which provided for the issue of \$55,000 in bonds, designated as Iowa state stock, and that 55 ten-year bonds should be issued in denominations of \$1,000 each, nontaxable and used to liquidate the debts incurred by the two constitutional conventions, debts due the Miner's Bank of Dubuque and other claims against the state. The act provided for the appointment of John F. Coolbaugh as agent to negotiate the sale of the bonds which were to be sold at par. These bonds were sold to the Philadelphia Bank. They were issued June 1, 1847, due and payable January 1, 1857. Numbers 1 to 30 inclusive bore interest at the rate of 10%, and numbers 31 to 55 inclusive bore interest at the rate of 8%. Morgan Reno, then Treasurer of State, was appointed as agent to pay the interest on these bonds. They were all paid and cancelled January 1, 1857, and are now on file in the Public Archives Division of the Historical Department of Iowa.

Chapter 56, Acts of the Second General Assembly, approved

January 12, 1849, provided for the issuance of funding bonds by the Auditor of State to take up unpaid warrants of the state at such times as there was no money in the treasury from which to pay all of them. The act provided that the issue of each should be for a period of four years with option of paying sooner by the giving of forty days' notice. The act also provided that the bonds should bear 8% interest and that any individual had the option of having all the unpaid state warrants he held funded in one bond, but that to no one individual could be issued more than one bond. They were made payable to the bearer and it appears that only a few of them were issued. I was able to find but four upon a search of the bond records. The last one was numbered 6, but upon the margin of this one is written: "Three bonds previously issued cancelled and consolidated in this bond." The amount of the last bond was for \$2,000 and bore the date of March 17, 1850. These bonds are cancelled and on file in the bond records of the Public Archives Division.

Chapter 58, Acts of the Second General Assembly, approved January 12, 1849, authorized and directed the Auditor of State to issue a state bond to the Superintendent of Public Instruction on account of money to the amount of \$16,420 used from the permanent school fund by the state to pay current expenses.

Chapter 70, Acts of the Second General Assembly, approved January 13, 1849, which relates to the building of the State Penitentiary, provided in Section 6 as follows: "To meet the necessary expenditures thus incurred the Governor is hereby authorized to issue state bonds not exceeding six thousand dollars in amount, made payable to the common school fund in ten years, bearing an interest rate of not more than ten per centum per annum."

Chapter 51, Acts of the Third General Assembly, approved February 5, 1851, authorized and required that the Governor issue a state bond to the Superintendent of Public Instruction on behalf of the school fund for \$2,353.70 to be used in payment of the costs of running the boundary line between Iowa and Missouri.

Joint Resolution No. 9 of the Acts of the Fifth Extra General Assembly, approved July 15, 1856, appointed the Governor as state agent to borrow \$100,000 from the Superintendent of Pub-

lic Instruction for a period of five years and not to exceed the rate of 10% interest. The Governor was authorized to use enough of the proceeds to pay the state bonds maturing January 1, 1857.

Chapter 3, Acts of the Sixth General Assembly, approved December 12, 1856, directed that the sum of \$57,500 loaned to the state out of the five per cent school fund be applied to the payment of the bonds and interest due the Philadelphia Bank, on the first day of January, 1857.

Chapter 7, Acts of the Seventh General Assembly, approved January 8, 1858, provided for a state issue of bonds to the amount of \$200,000 to provide for the current expenses of the state government and the redemption of outstanding warrants. These bonds were to be issued in denominations of \$1,000 each, to bear interest at 7% and mature January 1, 1868. Martin L. Morris, then Treasurer of State, was designated as state agent to negotiate the sale of the bonds and his commission was fixed at one-fourth of one per cent on the amount sold. They were all sold to the Bank of North America and were all paid and cancelled at maturity and are now to be found on file in the Public Archives Division of the Historical Department. This issue of the state bonds was printed by N. W. Mills & Co., of Des Moines, Iowa.

In connection with the printing of this issue of state bonds a letter was received by E. R. Harlan, Curator of the Historical Department, from F. M. Mills, dated September 24, 1928, at Sioux Falls, South Dakota, who in 1858 was a member of the firm of N. W. Mills & Co., from which I quote the following: "My recollection is that Mr. Morris, then State Treasurer, brought the copy to our office on Saturday evening and said he must have the 200 bonds on Sunday evening when he would start to New York with them, as he was taking them there to sell.

"I don't quite understand how we could have set up the bonds and coupons and had them ready by Sunday evening in time for them to be signed up in that time, as I doubt if we had type sufficient to make the coupons. I think, however, that we only printed the bonds and that the officials must have had the coupons printed and signed afterward and attached to the bonds.

"I think that it was a very creditable job with the early facili-

ties we had and I am proud of it. My brother, N. W. Mills, afterward colonel of the Second Iowa Infantry, set up the job and worked it off on the hand press while I rolled the form with ink. I will be glad if you can explain about the coupons and signing them.

"Sincerely yours,

"Frank M. Mills."

Chapter 16 of the Eighth Extra General Assembly, approved May 28, 1861, authorized the issue of state bonds to the amount of \$800,000 to bear interest at the rate of 7%, maturity 20 years from date of sale. These bonds were to be issued in denominations as follows: One-fourth to be in amounts of \$100 each, one-fourth in amounts of \$500 each, and the remainder in amounts of \$1,000 each, but authority was given to vary this ratio if it was deemed necessary to promote the sales. The Governor, Auditor, and Secretary of State were authorized and required to issue these bonds. They were to be signed by the Governor and countersigned by the Auditor and Treasurer with the Great Seal attached. They were issued payable to bearer, nontaxable, and designated as Iowa state stock. I found that the total amount issued under this authorization was only \$300,000 in the following denominations: Fifty-one in denominations of \$500 each, payable at the Metropolitan Bank of New York; 195 in denominations of \$100 each, payable to the Treasurer of State; 255 in denominations of \$1,000 each, payable at the Metropolitan Bank of New York. Section 5 of this act provides for a Board of Commissioners consisting of the Governor of the state, Charles Mason of Des Moines County, William Smyth of Linn County, James Baker of Lucas County, and C. W. Slagle of Jefferson County, who, or a majority of whom, shall cause to be issued and sold from time to time only so many of the bonds hereby authorized as in their judgment the wants and necessities of the state may require, and all moneys or funds arising from such sale or sales shall be paid into the treasury of the state and kept there as a separate fund, designated as the war defense fund and the same shall not be subject to the ordinary or general warrants of the Auditor of State, but to be used only for debts created for objects coming within the meaning and purview of this act. The Treas-

urer of State and Maturin L. Fisher were appointed agents of the state and given full power to negotiate the loan, to sell and transfer the said bonds and to do all other things necessary in the premises.

Some rather amusing incidents occurred in connection with John W. Jones, a former state treasurer of Iowa, on a trip to New York to negotiate the sale of some bonds. These incidents are related by P. J. Mills of Des Moines, in an article written on the subject from which I quote the following:

"John W. Jones was a wag and a real humorist. In a public speech at Indianola, Iowa, where he lived for a time after serving as treasurer of state, he said, 'The majority of us came to Iowa in an early day without a dollar in our pockets and up to this date most of us have held our own.'

"He was a tall, long-armed, rather ungainly man, with a twinkle in his eye and the corners of his mouth turned up. He loved a joke and didn't care on whom it was perpetrated, including himself. He was elected treasurer of the state of Iowa in 1858 and in the year 1861 found it necessary to go to New York to dispose of some of the bonds mentioned in this article.

"Uncle John was about six feet, three inches tall, not any too dressy and was probably wearing a hickory shirt when he landed at the old Astor House at Broadway and Barclay streets. Always loquacious, he began at once to jolly the clerk at the desk. Having registered from Des Moines, Iowa, a town perhaps not known to the clerk, he passed the remark, 'Young feller, if Mr. A. T. Stewart or Russell Sage or Commodore Vanderbilt call on me, let me know.' To the clerk this sounded funny and he concluded to have some fun out of this old hayseed, which he appeared to be. The clerk got a number of young fellows and told them about this old rube and they invited him into the bar where they had drinks and quite a lot of fun quizzing Uncle John. He took it all in good part and probably had as much fun as they did. When he left the young men he called the clerk and said, 'Young feller, I am going out and don't know just when I'll be back; just tell Mrs. Astor not to wait supper on me.' This started the young men into a gale of laughter, but Uncle John went on his way without apparently noticing it.

"The next day at about ten o'clock Mr. A. T. Stewart called



From a photograph of bond No. 160, reduced in size, of the issue of 1861. Re-
 deemed and now in the Public Archives Division of the Historical, Memorial and
 Art Department.

to see Mr. Jones. The clerk was flabbergasted. There was only one Mr. Jones in the hotel, and he surely couldn't be the one wanted. Finally Mr. Stewart said it was John W. Jones from Iowa and that he was treasurer of that state and that he was here for the purpose of selling some of the state's bonds. Mr. Jones was found and went into conference with Mr. Stewart.

"The clerk was almost paralyzed when he found out who Mr. Jones was and took every opportunity to apologize for his discourtesy to so distinguished a guest, all of which was most entertaining to Uncle John.

"There was more to the story but it has been so long since he told me that I have forgotten much of it.

"Mr. Jones's nephew, Clarence B. Jones, was my partner in business in 1880 and Uncle John often visited our office at 222 Walnut Street."

Chapter 134, Acts of the Tenth General Assembly, approved April 5, 1864, made provisions whereby the Governor, Auditor and Secretary of State were authorized and required to issue a bond in the sum of \$122,295.75 in favor of the permanent school fund then in possession of the state, on loan, said bond to be dated January 1, 1864, and to bear interest at 8% per annum, and in the future whenever any losses occurred in the permanent school fund whereby the state would become indebted to said fund, they were to issue bonds in amounts sufficient to cover the loss. The \$122,295.75 indebtedness referred to above was, to a great extent, incurred by the state using the permanent school fund in the war and defense fund and depositing the issue of war and defense bonds to the credit of the permanent school fund.

Chapter 80, Acts of the Eleventh General Assembly, approved March 30, 1866, provided for the payment of state bonds due January 1, 1868, by authorizing the Census Board, consisting of the Governor, Secretary of State, Auditor and Treasurer, to sell the United States bonds then in the State Treasury amounting to \$100,000 and also by a loan from the permanent school fund. They were also directed to make a tax levy for the purpose of refunding the amounts appropriated from the State Treasury to finish the payments on said bonds. For the amount of the said United States bonds thus sold or school moneys used by virtue



STATE OF IOWA
SOLDIERS' BONUS BOND

Know all Men by these Presents,
that the State of Iowa acknowledges itself to owe and for value received hereby promises to pay to bearer the sum of **ONE THOUSAND DOLLARS (\$1000)** on the first day of December, 1927 with interest on said sum from the date hereof at the rate of 4% per annum per annum, legal to come annually on the first day of December of the aforesaid interest to remain as they accrue (to become due), both principal and interest of this bond in whole or in part to the lawful possessor of this bond in conformity with the provisions of the United States of America, in the offering of the "Lawrence of the United States of America" and the interest thereon, and for the lawful payment of this bond and the interest thereon the full faith, credit and resources of the State of Iowa are hereby pledged to the holder.

This bond is one of a total authorized issue of Twenty Five Million Dollars (\$25,000,000) for the purpose of paying a bonus to persons who served in the military or naval service of the United States of America from August 9th 1914 to the 31st day of April, 1917, and the 30th day of November, 1918, or their successors or assigns, under the authority of an Act of the Congress, "An Act of the Congress of the United States."

Witness my hand
and the seal of the State of Iowa, this 1st day of December, 1922, and my seal and signature of the Treasurer of the State of Iowa, and my seal and signature of the Secretary of the State of Iowa at the general election held in said State December 2, 1922.

In testimony whereof, the General Assembly of the State of Iowa has caused this bond to be signed by the Governor, sealed with the Great Seal attached by the Secretary of State and countersigned by the Treasurer of State, and the interest coupons hereon attached to be recorded with the proper authorities of said officers, this first day of December, 1922.

W. H. ...
Treasurer of State
W. H. ...
Secretary of State



From a photograph of bond No. 4401, reduced in size, of the Bonus Bonds issued December 1, 1922. Redeemed December 2, 1927, and now in the office of the Treasurer of State.

of the act, the Treasurer of the State was directed to issue registered bonds of the state, countersigned by the Auditor of State and Governor. These bonds were to be nontransferable and to bear 8% interest.

Bonds issued under the last two acts referred to above:

Bond No. 1 issued Nov. 12, 1864.....	\$122,295.75
Bond No. 2 issued Mch. 2, 1868.....	112,202.26
Bond No. 3 issued Nov. 1, 1871.....	8,558.14
Bond No. 4 issued Jan. 5, 1876.....	2,379.04

Chapter 199, Acts of the Eighteenth General Assembly, approved March 27, 1880, made provisions whereby the Executive Council should levy a tax of one-half mill to be used in payment of the war and defense bonds issued under authority of Chapter 16, Acts of the special session of the Eighth General Assembly. It provided further that any portion of said bonds and interest not provided for in the special levy authorized should be paid out of the general revenue of the state or by the sale of state warrants to be negotiated by the Governor, State Treasurer, and Auditor. War and defense fund warrants were issued and sold to the amount of \$125,000.

Chapter 332, Acts of the Thirty-ninth General Assembly, approved March 23, 1921, provided for the issue of \$22,000,000 in state bonds to be used in the payment of a bonus to every person, male or female, including army, navy and marine corps, nurses who served in the military or naval service of the United States at any time between April 6, 1917, and November 11, 1918, and who at the time of entering into such service was a resident of Iowa and who was honorably discharged from such service, or who is still in said active service or has been retired or has been furloughed to a reserve, shall be entitled to receive from the proceeds of such bonds as a bonus the sum of fifty cents for each day that such person served, such bonus not exceeding the sum of \$350, except those persons whose only service was in students army training corps, or who had received from another state a bonus or gratuity of like nature, or who being in such service received civilian pay for civilian work. Nor shall any person be entitled to such payment who being in the military or naval service of the United States subsequent to April 6, 1917, refused

on conscientious, political or other grounds to subject himself to military discipline or to render unqualified service. In case of the death of the beneficiary before payment is made, the bonus was to be paid to the husband or wife, child or children, mother, father, sisters or brothers, in the order named and none other. The Treasurer of State was authorized to prepare negotiable coupon bonds in the above amount to bear interest at a rate not to exceed 5% per annum. The bonds were to be issued so that said indebtedness would be payable in twenty equal installments, the last of which was to be within twenty years from the date of issue. The bonds were to be signed by the Governor, attested by the Secretary of State and countersigned by the Treasurer of State.

Section 8 of this law provided that all the funds remaining in the hands of the Bonus Board on December 31, 1924, not in excess of \$2,000,000 should constitute a disability fund to be administered by the Bonus Board for the amelioration of the condition of residents of the state within the classes as defined in above as entitled to the original bonus. All funds remaining in the hands of the Bonus Board in excess of the \$2,000,000 disability fund on December 31, 1924, were to be applied to the original debt. This act provided for a tax levy in amount sufficient to pay the maturing bonds and the interest.

This act provided for the submission of the question to voters at the general election in November, 1922, and provided that it should go into effect immediately following said election provided a majority of the votes cast were in favor of its adoption. A majority of the votes cast on the question were in favor of issuing the bonds and they were disposed of as follows:

Amount issued.....	\$22,000,000.00
Amount cancelled and not sold	1,099,000.00
Amount sold.....	20,901,000.00
Amount sold at $4\frac{1}{4}\%$ interest.....	11,246,000.00
Amount sold at $4\frac{1}{2}\%$ interest.....	9,655,000.00
Amount warrants issued to pay bonus.....	19,831,015.00
Amount of balance for disability fund.....	1,817,898.20
Amount bonds cancelled and paid.....	5,503,000.00
Amount bonds outstanding and unpaid.....	16,497,000.00

At a special session of the Forty-third General Assembly which met in March, 1928, an act was passed which provided for the submission to the voters of the state at the general election in November, 1928, the question of issuing \$100,000,000 in bonds for the purpose of constructing and improving the public highways of the state. The question was submitted and a majority of the votes were cast in favor of the question.

ADJUTANT GENERAL'S OFFICE

General Baker is determined during his present visit here to make complete arrangement for the early erection of this building. The contracts for the brick and mason work will be let in a few days. The stone work is already contracted for by Messrs. Perkins & Fox, and about half of the work done. The stone is the Red Rock sandstone, but the red portion is discarded and a lighter color used which will better contrast with the brick work. The stone selected is pronounced equal to any in the state, and that which is already dressed presents a fine appearance. The gentlemen who contracted for the work are determined to execute their contract in a manner and style creditable to themselves and satisfactory to the commissioners. The General informs us that he intends to move into his office about the first of next September. Of course he will come to time, for everybody knows he has the propelling power of a steam engine. The building will not be sufficiently large to be imposing, but it will be constructed in good taste, and will present a very fine appearance when completed.¹—*Daily State Register*, Des Moines, January 6, 1867. (In the Newspaper Division of the Historical, Memorial and Art Department of Iowa.)

¹This building was located on the southwest corner of Locust and Water Streets, according to the *Des Moines City Directory*, 1869, which would make it where the City Library is now.—Editor.

Copyright of Annals of Iowa is the property of State of Iowa, by & through the State Historical Society of Iowa and its content may not be copied or emailed to multiple sites or posted to a listserv without the copyright holder's express written permission. However, users may print, download, or email articles for individual use.