

4 incorporated *under this chapter prior to July 1, 1971*, for the transac-
 5 tion of any lawful business, but such incorporation confers no power
 6 or privilege not possessed by natural persons, except as hereinafter
 7 provided. *After July 1, 1971, all domestic corporations shall be organ-*
 8 *ized under chapter 496A only, except for corporations which are to be-*
 9 *come subject to the provisions of one or more of the following chap-*
 10 *ters: 174, 176, 482, 499, 499A, 504A, 506, 508, 510, 512, 514, 515,*
 11 *515A, 518, 518A, 519, 524, 533, and 534.*

Approved April 26, 1971.

Italics indicate new material added to existing statutes; brackets indicate deletions from existing statutes. However, see Editor's note, page iii.

CHAPTER 241

NONPROFIT CORPORATIONS

S. F. 348

AN ACT relating to nonprofit corporations.

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

1 SECTION 1. This Act shall apply to every corporation organized
 2 under chapters five hundred four (504) or five hundred four A
 3 (504A) of the Code, which corporation is deemed to be a private
 4 thousand nine hundred forty-one (d) [4941(d)]* of the Internal
 5 Internal Revenue Code of 1954, which is incorporated in the state
 6 of Iowa after December 31, 1969, and as to any such corporation
 7 organized in this state before January 1, 1970, it shall apply only for
 8 its federal taxable years beginning on or after January 1, 1972.

1 SEC. 2. The articles of incorporation of every such corporation
 2 shall be deemed to contain provisions forbidding the corporation to:

3 1. Engage in any act of self-dealing, as defined in section four
 4 thousand nine hundred forty-one (d) [4941(d)] of the Internal
 5 Revenue Code of 1954, which would give rise to any liability for the
 6 tax imposed by section four thousand nine hundred forty-one (a)
 7 [4941(a)] of the Internal Revenue Code of 1954;

8 2. Retain any excess business holdings, as defined in section four
 9 thousand nine hundred forty-three (c) [4943(c)] of the Internal
 10 Revenue Code of 1954, which would give rise to any liability for the
 11 tax imposed by section four thousand nine hundred forty-three (a)
 12 [4943(a)] of the Internal Revenue Code of 1954;

13 3. Make any investment which would jeopardize the carrying out
 14 of any of its exempt purposes, within the meaning of section four
 15 thousand nine hundred forty-four (4944) of the Internal Revenue
 16 Code of 1954, so as to give rise to any liability for the tax imposed
 17 by section four thousand nine hundred forty-four (a) [4944(a)] of
 18 the Internal Revenue Code of 1954; and

19 4. Make any taxable expenditures, as defined in section four
 20 thousand nine hundred forty-five (d) [4945(d)] of the Internal
 21 Revenue Code of 1954, which would give rise to any liability for the
 22 tax imposed by section four thousand nine hundred forty-five (a)
 23 [4945(a)] of the Internal Revenue Code of 1954.

1 SEC. 3. The articles of incorporation of every such corporation
 2 shall be deemed to contain a provision requiring such corporation to

*Material in brackets of this Act is part of the enacted law.

3 distribute, for the purposes specified in its articles of incorporation,
4 for each taxable year, amounts at least sufficient to avoid liability for
5 the tax imposed by section four thousand nine hundred forty-two (a)
6 [4942(a)] of the Internal Revenue Code of 1954.

1 SEC. 4. Nothing in this Act shall impair the rights and powers of
2 the courts or the attorney general of this state with respect to any
3 corporation.

1 SEC. 5. All references to sections of the Internal Revenue Code of
2 1954 shall mean the Code as amended to and including January 1,
3 1971.

1 SEC. 6. Nothing in this Act shall limit the power of any nonprofit
2 corporation organized under chapter five hundred four (504) of the
3 Code or organized under chapter five hundred four A (504A) of the
4 Code:

5 1. To at any time amend its articles of incorporation or other
6 instrument governing such corporation by any amendment process
7 allowable under the laws of this state to provide that some or all
8 provisions of sections two (2) and three (3) of this Act shall have
9 no application to such corporation, or

10 2. In the case of any such corporation formed after the effective
11 date of this Act, to include any specific provisions in its original
12 articles of incorporation, which provide that some or all provisions
13 of sections two (2) and three (3) of this Act shall have no application
14 to such corporation.

Approved May 7, 1971.

CHAPTER 242

OFFICERS AND DIRECTORS OF INSURANCE COMPANIES

S. F. 157

AN ACT relating to conflicts of interest of officers and directors of insurance companies.

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

1 SECTION 1. Section five hundred eight point eight (508.8), Code
2 1971, is amended by striking the section and inserting in lieu thereof
3 the following:

4 **508.8 Insurance company officers—conflicts of interest prohibited.**
5 No director or officer of any life insurance company shall receive, in
6 addition to his fixed salary or compensation, any money or valuable
7 thing, either directly or indirectly, or through any substantial interest
8 in any other corporation or business unit, for negotiating, procuring,
9 recommending or aiding in any purchase or sale of property, or loan,
10 made by such insurer or any affiliate or subsidiary thereof; nor shall
11 he be pecuniarily interested, either as principal, coprincipal, agent or
12 beneficiary, either directly or indirectly, or through any substantial
13 interest in any other corporation or business unit, in any such pur-
14 chase, sale or loan.

Approved March 16, 1971.