

Reported Recommending
 Ind. Postponed
 Passed House
 Failed to Pass House.....
 Passed Senate
 Failed to Pass Senate.....

House File 42

January 11, 1945.
 Passed on File.

By GENERAL LEGISLATIVE COMMITTEE.

A BILL FOR

An Act to amend, re-codify and revise Chapter three hundred ninety-four (394), Code, 1939, and Sections eight thousand five hundred eighty-two (8582), eight thousand five hundred ninety-two (8592), eight thousand five hundred ninety-two and one tenth (8592.1), Code, 1939, and Chapters two hundred twenty-nine (229) and two hundred thirty (230) of the Acts of the Fiftieth General Assembly of the State of Iowa, relating to incorporation, incorporation fees, renewals and reincorporation of corporations not for pecuniary profit.

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

1 Section 1. That Section one (1) of Chapter two hundred
 2 twenty-nine (229) of the Acts of the Fiftieth General Assembly
 3 of the State of Iowa be amended by inserting after the comma (,)
 4 following the word "objects" in line fifteen (15) thereof the
 5 following "the time of commencement and existence of the
 6 corporation," and by inserting a comma (,) after the word
 7 "meeting" in line seventeen (17) thereof, and by striking from
 8 lines seventeen (17) and eighteen (18) thereof following the
 9 word "meeting" in line seventeen (17) thereof the words "and
 10 of annual meeting of its trustees or directors" and by
 11 inserting after the word "dollars" in line twenty-five (25)
 12 thereof the following "together with a recording fee of
 13 twenty-five cents per page" and by striking the words "five
 14 dollars" following the word "be" in line thirty (30) thereof

15 and inserting in lieu thereof the following “one dollar
16 together with a recording fee of twenty-five cents per page”
17 and by striking the word “may” following the word “articles”
18 in line twenty-nine (29) thereof and inserting after the
19 word “articles” in line twenty nine (29) thereof the word
20 “shall”.

1 Sec. 2. That Section two (2) of Chapter two hundred
2 twenty-nine (229) of the Acts of the Fiftieth General Assembly
3 of the State of Iowa, and Sections eight thousand five hundred
4 ninety-two (8592) and eight thousand five hundred ninety-two
5 and one tenth (8592.1) be repealed and the following enacted
6 in lieu thereof:

7 “The members of any corporation organized under this
8 chapter may reincorporate or renew the same, at any
9 regular annual meeting of the members of such
10 corporation, or at any special meeting of the members
11 of such corporation called for that purpose, by a
12 majority vote of the members cast at said meeting,
13 and all property and rights thereof shall vest in the
14 corporation as reincorporated or renewed. When the
15 term of incorporation of a corporation organized under
16 this chapter has expired, but the organization has
17 continued to act as such corporation, the members
18 thereof may reincorporate, and the property and rights
19 therein shall vest in the reincorporation for the
20 use and benefit of all of the shareholders or

21 members in the original corporation.

22 “Within thirty days after said action of the members,
23 for the renewal or reincorporation of any corporation
24 incorporated under this chapter, a certificate, showing
25 the proceedings resulting in such renewal or reincorporation,
26 sworn to by the president and secretary of the corporation,
27 or by such other officers as may be designated by the
28 members, together with the articles of incorporation, which
29 may be the original articles of incorporation or amended
30 and substituted articles, shall be filed with the secretary
31 of state and by him recorded in a book kept for that
32 purpose. The secretary of state shall then forward said
33 renewal articles to the recorder of deeds of the county
34 where the principal place of business of such corporation
35 is located, and the recorder shall record said renewal
36 articles and endorse thereon the book and page where
37 the record will be found.

38 “Upon filing with the secretary of state the said
39 certificate and articles of incorporation, and upon the
40 payment to the secretary of state of a fee of five dollars,
41 together with a recording fee of twenty-five cents per
42 page, and upon the approval of said certificate and
43 articles by the secretary of state, the secretary of state
44 shall issue a proper certificate for the renewal or
45 reincorporation of such corporation.”

1 Sec. 3. Section one (1) of Chapter two hundred thirty

2 (230) of the Acts of the Fiftieth General Assembly of the State
 3 of Iowa is hereby amended by striking the words "or constitution"
 4 following the word "charter" in line sixteen (16) thereof and
 5 by striking the words "or constitutions" following the word
 6 "charters" in line seventy-three (73) thereof and by striking
 7 the words "or constitution" following the word "charter" in
 8 line ninety-one (91) thereof.

EXPLANATION OF H. F. 42

Chapter 229 and 230 of the Acts of the 50th G. A. amended and recodified Chapter 394 of the Code, 1939, in regard to corporations not for pecuniary profit. Among other things these chapters provide that such corporations shall after July 4, 1943 file articles of incorporation or a certified copy of their charter in the office of the secretary of state. Chapter 229 of the Acts of the 50th G. A. provides for the filing of articles of incorporation and amendments and renewals. This Act did not require that the duration of the corporation be set out in the articles, and we believe that this should be required. Said chapter 225 also requires that the articles set out the annual meeting date of the board of trustees or directors which we do not believe should be required.

Chapter 225 of the Acts of the 50th G. A. provides for a filing fee of \$5.00 in the case of original articles, renewals or amendments and does not provide for any recording fee. Chapter 230 of the 50th G. A. provides for a filing fee of five dollars but no recording fee. It would seem that a fee of five dollars plus a recording fee of twenty-five cents per page in the case of original articles, renewals or certified copies of charters would be reasonable but that in the case of amendments the fee should be one dollar plus a recording fee of twenty-five cents for each page of the amendment.

Section one of chapter 229 of the Acts of the 50th G. A. provides amendments to the articles *may* be filed and receive approval as provided herein for articles, etc. It would seem that the word "may" following the word "articles" in line 29 of said section one should be changed to the word "shall" as, of course, all amendments should be filed in the office of the secretary of state as well as original articles.

Section two of Chapter 230 of the Acts of the 50th G. A. provides the method in which regular organizations can incorporate by filing a copy of their charter "or constitution." We believe the words "or constitution" wherever they appear in this section should be stricken for the reason that many of these organizations have a constitution which is a complete book and really involve by-laws which should not be recorded.

Under the provisions of Chapter 394 as amended by Chapter 229 of the Acts of the 50th G. A. there is no specific way set out for the renewal or reincorporation of corporations not for profit. Section 2 of Chapter 229 of the Acts of the 50th G. A. and Sections 8592 and 8592.1 all provide for different methods of renewal and even provide that trustees or directors as well as members can renew or reincorporate. It would seem that the authority to renew or reincorporate should come from the members of the corporation rather than from the trustees or directors or from any three members which is possible under the present law. The provisions for renewal as they now are have caused considerable trouble in that certain factions in the corporation would attempt to renew or reincorporate against the wishes of the members or a part of the members.

The foregoing bill should correct all of the above objections by requiring that the duration of the corporation be set out in the articles, and by striking out the requirement that the time of the annual meeting of the trustees or directors be set out in the articles, and by providing for a recording fee of twenty-five cents per page on all articles, charters, or amendments and reducing the filing fee on amendments to one dollar instead of five dollars, and by making the language in regard to the filing of amendments mandatory by changing the word "may" to "shall" in line 29 of Section one of said Chapter 229, and by providing a uniform method of renewal or reincorporation and providing that only the members of a corporation shall have authority to vote for renewals and reincorporations, and by setting forth the method in which the renewals shall be made.