

January 23, 1957.
Tax Revision.

House File 48
By JOHANNES and HANSON.
(By request of Tax Study Comm.)

Passed House, Date..... Passed Senate, Date.....
Vote: Ayes..... Nays..... Vote: Ayes..... Nays.....
Approved.....

A BILL FOR

An Act for the taxation and regulation of unincorporated mutual benefit societies; and prohibiting incorporated benefit societies not otherwise authorized by law.

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

1 Section 1. Definition. Unincorporated mutual benefit
2 societies are hereby defined as voluntary associations formed
3 and organized solely for the purpose of rendering financial
4 aid or other assistance to their members, or certin designated
5 beneficiarics thereof, when visited by sickness, death, or
6 other misfortunes specifically designated by membership
7 certificate or bylaw.

1 Sec. 2. Status. Said societies shall have no status
2 as persons or as bodies corporate or politic but are mere
3 aggregations of individuals called for convenience by a common
4 name and shall have no power to sue or be sued or acquire or
5 hold property in such name.

1 Sec. 3. Duties. Such societies shall:

- 2 1. Adopt bylaws;
- 3 2. Issue membership certificates;
- 4 3. Hold meetings at least annually;
- 5 4. Elect a secretary or agent to administer the affairs
6 of the society.

1 Sec. 4. Powers. Such societies may:

- 2 1. Provide for a membership fee, the proceeds of which

3 shall be used only for expenses incurred in the performance of
4 the duties enumerated in section three (3) hereof and for
5 the payment of the tax and fee hereinafter provided.

6 2. Provide for assessment of members for the purpose of
7 paying benefits named in the membership certificate, expense
8 of preparing and mailing assessment notices and payment of
9 the tax and fee hereinafter provided.

1 Sec. 5. Duties of secretary. The secretary or agent shall:

2 1. File bond with the insurance commissioner for the
3 benefit of the members in the principal amount of twenty-five
4 thousand (25,000) dollars.

5 2. Receive all dues and assessments and keep an account
6 thereof.

7 3. Pay all benefits and authorized expenses and keep
8 an account thereof

9 4. Issue memberships in accordance with the bylaws and
10 sign all membership certificates.

11 5. File an annual report with the insurance commissioner
12 on or before April 1 of each year on a form to be provided by
13 the commissioner accounting for all moneys received and expended
14 and providing such other information required by the commissioner.

15 6. File with the insurance commissioner the proceedings
16 of the annual meeting and a copy of all bylaws, membership
17 certificate forms, and amendments to bylaws, which must be
18 approved by the commissioner.

19 7. Pay a fee of twenty-five dollars to the insurance
20 commissioner at the time of organization and annually thereafter
21 on or before April 1 of each year.

22 8. Pay over to the treasurer of state through the

23 insurance commissioner all taxes hereinafter provided.

1 Sec. 6. Prohibited acts. No member, secretary or agent
2 shall:

3 1. Represent membership in such society as "insurance."

4 2. Receive any salary, wage, profit, or compensation
5 of any nature for services rendered to or on behalf of such
6 society except reimbursement for actual and necessary expenses
7 incurred in carrying out the duties and powers herein provided
8 and reasonable compensation for actual time expended.

9 3. Agree to pay benefits in a fixed amount.

1 Sec. 7. Tax imposed. There is hereby imposed a tax of
2 two percentum on the amount of each membership fee and on the
3 amount of each assessment. It shall be the duty of the secretary
4 or agent to withhold the said tax and pay same to the treasurer
5 of state through the insurance commissioner at the time of
6 filing the annual report.

1 Sec. 8. Unless otherwise specifically provided by statute
2 no unincorporated society or association providing sick, funeral
3 or death benefits for its members on an assessment basis shall
4 be operated in the state of Iowa except in conformity with the
5 provisions hereof. No corporation shall operate directly or
6 indirectly as a mutual benefit society, except that a fraternal
7 beneficiary association as now or hereafter defined in chapter
8 five hundred twelve (512) may operate such a plan exclusively
9 for its members.

1 Sec. 9. Violation of any of the provisions of this Act
2 by any secretary or agent of such society or by any other person
3 shall be a misdemeanor and any person convicted thereof shall
4 be sentenced to thirty days in the county jail.

EXPLANATION OF HOUSE FILE 48

The purposes of this bill are to place burial associations under the supervision of the state insurance department and to tax their fees and assessments at a 2 percent rate.