

Amended 5/17 Disposed 4/4 (p. 253)

SENATE FILE 238

Judiciary
Glenn, Chairperson
Rush
Scott
Shaw
Rainey

SENATE FILE 238

BY KELLY

See Judiciary 4/12 **FILED** *and Strickland (p. 2162)* **MAY 16 1977**

Senate File 238

Judiciary and Law
Enforcement
Higgins, chair
Jesse
Lipsky
Patchett
Conlon

date, Date 4-15-77 (p. 923) Passed House, Date 5-20-77 (p. 2531)

s 45 Nays 0 Vote: Ayes 81 Nays 1

Approved 7/5/77

A BILL FOR

1 An Act relating to business corporations.
2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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S.F. 238

SENATE FILE 238

H-4207

1 Amend Senate File 238, as passed by the Senate
2 as follows:
3 1. Page 2, by inserting after line 4 the following:
4 "Sec. ____ . Section four hundred ninety-six A point
5 forty-four (496A.44), Code 1977, is amended by adding
6 the following new unnumbered paragraph:
7 NEW UNNUMBERED PARAGRAPH. The persons who serve
8 as directors and officers of a corporation shall be
9 jointly and severally liable as guarantors for all
10 debts of the corporation or portions thereof which
11 mature during the first year after the corporation
12 commences business; provided that the liability of
13 a person who serves as a director or officer shall
14 be limited to those debts which are incurred while
15 the person holds office. Solely for purposes of this
16 paragraph, a corporation does not commence business
17 until the date it begins the regular and continuous
18 transaction of the business for which the corporation
19 is formed."
20 2. By renumbering sections of the bill.

H-4207 FILED *Lost 5/20* BY DANKER OF Pottawattamie
MAY 16, 1977 *(p. 2533)*

1 Section 1. Section four hundred ninety-six A point two
2 (496A.2), subsection fourteen (14), Code 1977, is amended
3 to read as follows:

4 14. "Nonadmitted organization" means any corporation,
5 bank, trust company, mutual savings bank, savings and loan
6 association, national banking association or insurance company
7 which is organized under ~~the laws of another~~ laws other than
8 the laws of this state and which is not entitled under this
9 chapter to procure a certificate of authority to transact
10 business in this state.

11 Sec. 2. Section four hundred ninety-six A point thirty-
12 two (496A.32), unnumbered paragraph three (3), Code 1977,
13 is amended to read as follows:

14 Neither treasury shares nor ~~unless the articles of in-~~
15 ~~corporation otherwise provide,~~ shares held by another
16 corporation if a majority of the shares entitled to vote for
17 the election of directors of such other corporation is held
18 by the corporation, shall be voted at any meeting or counted
19 in determining the total number of outstanding shares at any
20 given time.

21 Sec. 3. Section four hundred ninety-six A point thirty-
22 two (496A.32), Code 1977, is amended by striking unnumbered
23 paragraph eleven (11).

24 Sec. 4. Section four hundred ninety-six A point thirty-
25 seven (496A.37), Code 1977, is amended to read as follows:

26 496A.37 VACANCIES. ~~Unless otherwise provided in the~~
27 ~~articles of incorporation or the bylaws,~~ any Any vacancy
28 occurring in the board of directors ~~and any directorship to~~
29 ~~be filled by reason of an increase in the number of directors~~
30 may be filled by the affirmative vote of a majority of the
31 remaining directors ~~then in office,~~ though less than
32 a quorum of the board of directors. ~~Unless otherwise provided~~
33 ~~in the articles of incorporation or the bylaws,~~ a A director
34 ~~so~~ elected to fill a vacancy shall be elected for the unexpired
35 term of his or her predecessor in office ~~or the full term~~

1 ~~of such new directorship.~~ Any directorship to be filled by
2 reason of an increase in the number of directors may be filled
3 by the board of directors for a term of office continuing
4 only until the next election of directors by the shareholders.

5 Sec. 5. This Act is effective January 1, 1978.

6 EXPLANATION

7 1. Section 1 of the bill is a technical amendment di-
8 rected at clarifying the status of national banks which are
9 not organized under the laws of any of the states, but are
10 federally chartered.

11 2. The present law permits the articles of incorpora-
12 tion of a corporation to provide that treasury shares and
13 shares held by its majority owned subsidiary may be voted
14 on matters presented to the shareholders of the parent
15 corporation. Section 2 of the bill would eliminate this
16 provision.

17 3. Under the present law the articles of incorporation
18 may contain a provision which limits or denies the right of
19 a shareholder to vote by proxy. Section 3 of this bill
20 eliminates this provision.

21 4. Section 4 amends the wording of section 496A.37 to
22 conform to the Model Business Corporation Act.

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LSB 1247S
rn/rh/8A

SENATE FILE 238

AN ACT
RELATING TO BUSINESS CORPORATIONS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section four hundred ninety-six A point two (496A.2), subsection fourteen (14), Code 1977, is amended to read as follows:

14. "Nonadmitted organization" means any corporation, bank, trust company, mutual savings bank, savings and loan association, national banking association or insurance company which is organized under ~~the laws of another~~ laws other than the laws of this state and which is not entitled under this chapter to procure a certificate of authority to transact business in this state.

Sec. 2. Section four hundred ninety-six A point thirty-two (496A.32), unnumbered paragraph three (3), Code 1977, is amended to read as follows:

Neither treasury shares nor ~~unless the articles of incorporation otherwise provide,~~ shares held by another corporation if a majority of the shares entitled to vote for the election of directors of such other corporation is held by the corporation, shall be voted at any meeting or counted in determining the total number of outstanding shares at any given time.

Sec. 3. Section four hundred ninety-six A point thirty-two (496A.32), Code 1977, is amended by striking unnumbered paragraph eleven (11).

Sec. 4. Section four hundred ninety-six A point thirty-seven (496A.37), Code 1977, is amended to read as follows:

496A.37 VACANCIES. ~~Unless otherwise provided in the articles of incorporation or the bylaws, any~~ Any vacancy occurring in the board of directors ~~and any directorship to be filled by reason of an increase in the number of directors~~ may be filled by the affirmative vote of a majority of the

~~remaining directors then in office, even if though less than a quorum of the board of directors. Unless otherwise provided in the articles of incorporation or the bylaws, a~~ A director ~~so elected to fill a vacancy shall be elected for the unexpired term of his or her predecessor in office or the full term of such new directorship. Any directorship to be filled by reason of an increase in the number of directors may be filled by the board of directors for a term of office continuing only until the next election of directors by the shareholders.~~

Sec. 5. This Act is effective January 1, 1978.

ARTHUR A. NEU
President of the Senate

DALE M. COCHRAN
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 238, Sixty-seventh General Assembly.

STEVEN C. CROSS
Secretary of the Senate

Approved 7/5, 1977

ROBERT D. RAY
Governor