

WITHDRAWN

H.F. 2086 substituted 2/7/92 (p. 255)

FILED FEB 06 1992

SENATE FILE 2113  
BY COMMITTEE ON JUDICIARY  
*approved (p. 240)*  
(SUCCESSOR TO SSB 2078)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

A BILL FOR

1 An Act permitting a political subdivision to become a debtor  
2 under the federal Bankruptcy Code under certain circumstances  
3 and providing an effective date.

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

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SENATE FILE 2113

S-5040

- 1 Amend Senate File 2113 as follows:
- 2 1. Page 1, line 3, by striking the word "--
- 3 EXCEPTION".
- 4 2. Page 1, line 21, by striking the word and
- 5 figure "August 1," and inserting the following: "July
- 6 1,".

By AL STURGEON

S-5040 FILED FEBRUARY 7, 1992  
ADOPTED (A. 255)

SF 2112

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1 Section 1. Section 76.16, Code 1991, is amended to read as  
2 follows:

3 76.16 DEBTOR STATUS PROHIBITED -- EXCEPTION.

4 1. A city, county, or other political subdivision of this  
5 state shall not be a debtor under chapter 9 of the federal  
6 Bankruptcy Code, 11 U.S.C. § 901 et seq., except as otherwise  
7 specifically provided in this chapter.

8 This section does not apply to a court-appointed receiver  
9 for an entity organized pursuant to chapter 28E for the  
10 purpose of making joint investments on behalf of a city,  
11 county, judicial district department of correctional services,  
12 other political subdivision, or any combination thereof.

13 2. An entity organized pursuant to chapter 28E for the  
14 purpose of making joint investments on behalf of a city,  
15 county, judicial district department of correctional services,  
16 other political subdivision, or any combination thereof is a  
17 "municipality" for the purposes of chapter 9 of the federal  
18 Bankruptcy Code, 11 U.S.C. section 901 et seq.

19 Sec. 2. EFFECTIVE DATE. This Act, being deemed of  
20 immediate importance, takes effect upon enactment.

504021 Sec. 3. This Act is repealed August 1, 1993, and the Code  
22 editor shall recodify section 76.16 using the language  
23 contained in that section from the 1991 Code.

24 EXPLANATION

25 This bill provides an exception to the prohibition on  
26 political subdivisions seeking bankruptcy protection for a  
27 court-appointed receiver of a joint investment entity  
28 organized under chapter 28E. The Act is effective upon  
29 enactment. The exception will be repealed on August 1, 1993,  
30 and the language of section 76.16 in the 1991 Code will be  
31 restored.

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STURGEON, CH.  
VARD  
SLIFE 1-28-92

SSB 2078  
JUDICIARY — NOW —

SENATE FILE 2112  
BY (PROPOSED COMMITTEE ON  
JUDICIARY BILL BY  
CHAIRPERSON STURGEON)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

A BILL FOR

1 An Act permitting a political subdivision to become a debtor  
2 under the federal Bankruptcy Code under certain circumstances.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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2078

1 Section 1. Section 76.16, Code 1991, is amended by striking  
2 the section and inserting in lieu thereof the following:

3 76.16 DEBTOR STATUS PERMITTED.

4 A city, county, or other political subdivision of this  
5 state may be a debtor under chapter 9 of the federal  
6 Bankruptcy Code, 11 U.S.C. § 901 et seq., if it is rendered  
7 insolvent, as defined in 11 U.S.C. § 101(32)(C), solely by  
8 reason of indebtedness other than a public bond or obligation.

9 EXPLANATION

10 This bill provides that a political subdivision may seek  
11 bankruptcy protection. However, a political subdivision is  
12 prohibited from seeking to avoid indebtedness from a public  
13 bond or obligation.

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