

1957

57<sup>th</sup> G. A.

IOWA GOVERNMENTAL REORGANIZATION STUDY COMMITTEE

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C-O-N-T-E-N-T-S

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SUBMISSION OF REPORT TO THE FIFTY-SEVENTH GENERAL ASSEMBLY

The Governmental Reorganization Study Committee was established by enactment of House Joint Resolution 9, Acts of the Fifty-sixth General Assembly. Under the provisions of the resolution the committee was charged with the duty of making a study of the report of the Iowa Governmental Reorganization Commission of 1950, and making such recommendations as appeared appropriate resulting from such study. In the discharge of their duty the committee was granted full power to make such investigations and conduct such inquiries as the committee deemed indicated. The committee was authorized to draft legislation to effect its recommended changes and revisions in governmental organization.

Acting under the powers and authority so granted, the committee has conducted a detailed study of the functions and administration of each department, agency, board and commission of the state government and the administration thereof. A series of conference hearings were held in which heads and members of the various departments, agencies, boards and commissions were heard and examined.

The detailed results of the studies of the committee are specifically treated within this report. There were general findings by the committee which provide the framework of the report, which may be briefly summarized as follows:

1. The present structure of the state government is an efficient and practical one.
2. The various departments, agencies, boards and commissions of the government are functioning smoothly, and in all instances the governmental objectives are being achieved in an impressive manner and to a very gratifying degree.
3. The government is well administered and the officials and employees are to be commended on their competent discharge of their duties.
4. There are instances in which specific functions were found to involve overlapping between departments. In some cases it was found that performance of a specific function could be improved by transferring responsibility for its discharge to a department other than that to which it is presently assigned.

It is within the area of item 4 above that the action recommended by the committee is contained. The studies of the committee revealed that improved efficiency and economy could best be obtained by such limited specific changes rather than in an overall sweeping reorganization of the state governmental structure.

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CONSIDERATION OF RECOMMENDATIONS OF  
GOVERNMENTAL REORGANIZATION COMMISSION OF 1950

It is pertinent to note the following observation set forth in the report of the Governmental Reorganization Commission of 1950:

"Administrative reorganization has normally followed one of two general patterns. In a few instances administrative improvements have been accomplished by a general revision of the state constitution -- invariably at heavy expense to the taxpayer. In a majority of cases, however, the reorganization of state government has been gained through ordinary enactments of the legislature. This is sometimes referred to as the "piecemeal" type of reorganization, since only a few important changes occur in each legislative session. Due to the difficulty of obtaining constitutional revision, the legislative method has been more popular. The realization that the process of reorganization must be a continuous one has been one of the most important developments in recent years."

Departmental Consolidation

In contemplating governmental reorganization, inevitably the question of simplification of structure arises. In this connection there is a certain temptation to create new departments and bureaus consolidating existing departments as divisions under such new departments. The resultant reduction in number of departments gives an appealing impression to the mental eye as the new structure appears more simple and creates the idea that

the size of government has been reduced. However, this may be something of a mental optical illusion. In fact, the same departments continue to exist as divisions, but superimposed upon them is a higher chain of command adding administrative detail. Nothing has been taken away, but something new has been added at consequent increase of administrative cost. It should be questioned whether such cost increases are offset, or more than offset, by increase in efficiency or economies made possible. With these considerations in mind the committee carefully studied the various proposals of the Governmental Reorganization Commission of 1950. One of such proposals was the establishment of a department of finance. The report noted:

"There are several divisions of state government that are authorized to regulate and control businesses engaged in financial relations with the public. These are the Insurance Department, the Department of Banking, Division of Building and Loan under the Auditor of State, Morris Plan Banks, also under the supervision of the Auditor of State, the Securities Division now a part of the Insurance Department, and the Real Estate Department. These divisions of the state government are all engaged in a common purpose, that of protecting the public in its investment of funds.

"Each of the private financial institutions under regulation of the above named divisions, has a similar purpose, namely that of investing the funds of its customers. The legislature has long recognized that it is a necessity to supervise and control, in the public interest, the types of these investments, and the general

management of the peoples' funds. There is little point in the Superintendent of Banks ruling that the member banks may invest in such and such a security, when perhaps the Commissioner of Insurance may say that such an investment is not eligible to be made by insurance companies. Therefore, the commission proposes that a Department of Finance be established to promote efficiency and economy, and guarantee uniform treatment of investors."

The studies of the committee show:

1. The Real Estate Department is charged with no duty of the nature of the duties referred to in the foregoing quotation.

2. By their very nature Morris Plan Banks, as recognized by the legislature, are engaged in one type of investment, which is the making of personal loans. Consequently there is no question of "authorized investments" to come under the surveillance of the government. The provisions applicable to Morris Plan Banks, as institutions dealing in personal loans, are found in Section 429.11 of the Code.

3. The investment of funds of Building and Loan Associations is controlled by legislation rather than by departmental rule. The statutory provisions relating to investment of funds of such organizations are found in Section 534.19 of the Code.

4. The investment of funds of banking institutions is controlled by legislation rather than by departmental rule. The provisions relating to the investment of funds of banks are found in Section 526.25 of the Code.

5. The investment of funds of insurance companies is controlled by legislation rather than by departmental rule. The

provision relating to the investment of funds of such companies are found in Sections 508.10, 511.8, 512.48 and 515.35 of the Code.

6. The Securities Division is not concerned with "authorized investments", but rather is concerned with registration of securities for sale to the public.

It may be that the Department of Banking could appropriately be designated as the department charged with supervision of Morris Plan Banks. The question of whether such concerns should be supervised by the Auditor or by the Banking Department does not appear to be a matter of great significance.

The committee is not prepared to recommend to the legislature the repeal of the laws pertaining to authorized investments of banks, insurance companies and building and loan associations to make way for the authorization of investments by departmental rule. In the absence of change to control investment by administrative regulation, and in view of the fact that as above pointed out the committee's study discloses that the matter of "authorized investment" is not involved in the cases of Morris Plan Banks, the Securities Division and the Real Estate Department, there would appear to be no common relationship indicating consolidation of these functions of government in a new department. The report of the Governmental Reorganization Commission of 1950 did not find nor suggest that greater efficiency or economy would result, nor has this committee found any basis upon which it could be presumed that such a consolidation would promote efficiency and economy. The sole consideration of the 1950 commission was to provide consistency in "authorized investments". This, in Iowa, being deemed to be in the legislative rather than the administrative

area, the results of the studies of this committee, as above outlined, have led this committee to the conclusion that the creation of a Department of Finance, consolidating the divisions contemplated in the 1950 report, is not now to be recommended.

These comments are in no way intended as critical of the opinions of the 1950 commission. In studying the report of that commission this committee was very impressed with the extent of the labors and the careful analysis of the previous commission. Our recommendations are simply in explanation of the conclusions reached upon "studying the study". It was the consensus of this committee as to each such proposal involving similar consolidation, that the consolidation operation would be experimental, the results to be obtained would in all events be speculative, and in view of the high state of administrative efficiency found under the present organizational structure, and finding no reason to believe that economy would be effected, such changes are not indicated at this time.

#### Areas In Which Action Has Heretofore Been Taken

The Governmental Reorganization Commission of 1950 proposed the establishment of a Department of Education. It was envisioned that such department should be headed by a single administrator appointed by the Governor and confirmed by the Senate. This administrator would bear the title Commissioner of Education. The department created would have jurisdiction presently vested in the Board of Regents, the Department of Public Instruction, the Department of Vocational Rehabilitation, Vocational Education and the Division of Educational Examiners. Mindful of this recommendation, the Fifty-fifth General Assembly enacted legislation reorganizing the Department of Public Instruction. In

view of this fact it appeared to this committee that the recommendations of the 1950 commission, with respect to reorganization relating to the educational departments, although not adopted as proposed, had been acted upon and therefore does not present a proposal for further consideration.

Likewise the Fifty-fourth General Assembly, by enactment of Senate File 2 of the Acts of the said General Assembly, made certain revisions with relation to the office of the Comptroller. Although the action taken did not fully conform to the recommendations of the 1950 commission with respect to the Comptroller, it must be concluded that the action taken was after study of the report of the 1950 commission and involves the ultimate decision of the legislature with respect to the commissions' recommendations.

The report of the 1950 commission recommended establishment of a "Budget Committee". The Fifty-fourth General Assembly acted upon the recommendation by establishment of the Budget and Financial Control Committee. Although the Act creating the committee and defining its powers and duties was not in strict conformance with the recommendations of the commission, again this committee finds that action having been taken with respect to the subject matter, the legislative will relating thereto has been exercised.

In each instance in which this committee found that the legislature has taken action on the subjects involved in the 1950 commission report, this committee assumed that the recommendations of the 1950 commission are not of current legislative concern.

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R-E-C-O-M-M-E-N-D-A-T-I-O-N-S

DEPARTMENT OF AGRICULTURE:

The Department of Agriculture is charged, generally, with the administration of the laws of this state directly related to the agricultural industry. Included are the provisions relating to the labeling of agricultural products. Prior to July 4, 1956, the department administered and enforced the provisions relating to the grading of milk. The 1950 commission did not recommend any change with respect to such functions. However, the Fifty-sixth General Assembly enacted a bill placing the duty of surveying and certifying all raw and pasteurized milk labeled Grade A under the jurisdiction of the state Department of Health. The studies of this committee disclose that as a result certain responsibilities relating to the grading of milk remain with the Department of Agriculture, which results in some duplication. With the thought that this duplication might be eliminated, a very thorough investigation of the entire problem was made. It was found that many large cities of the United States have enacted ordinances which will not permit the sale of milk which is not approved Grade A under regulations of the United States Public Health Department. There is a serious question as to whether this approval can be obtained without certification under the responsibility of the state Department of Health. On the other hand, the state Department of Health is not presently equipped to perform the functions which are presently being performed by the Department of Agriculture. In view of this situation, although the committee had hoped that the existing overlapping and duplication could be eliminated, it is believed that it would not be safe to change the law as it now

DEPARTMENT OF AGRICULTURE (Cont.)

exists at this time. However, the committee recommends that studies be made to determine whether some measures could not be adopted which would obtain the necessary approval of USPH, placing all responsibility for inspection and certification in the Department of Agriculture, thus obviating the functioning of two departments in the same area.

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Certain provisions of the Code, relating to fire protection in hotels, have been under the administration of the Department of Agriculture. Other provisions on the same subject matter are under the administration of the office of the fire marshal. As a result there has been some duplication, and inconsistencies have occurred. The matter of fire protection in hotels is not related to the agricultural industry, but is a matter with which the fire marshal is directly concerned. It is therefore recommended that the present duties of the Department of Agriculture, with relation to the matter of fire protection in hotels, be transferred to the fire marshal. A bill has been prepared which will accomplish that purpose. (See Appendix, Bill "A")

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The department informed the committee that consolidation of the work of the dairy and food inspectors, and the hotel and restaurant inspectors, would effect savings which, in travel alone, would be in an amount of \$10,000 to \$12,000. It was the conclusion of the committee that legislation was not needed to effect such consolidation. The department was so informed, and it was suggested by the committee that the department proceed to accomplish such consolidation by internal departmental regulation.

DEPARTMENT OF AGRICULTURE (Cont.)

The department also brought to the attention of the committee a number of matters with which the Department of Agriculture is concerned, which may require legislative action. These matters should receive legislative attention, but as they are not within the purview of the functions of this committee, it was recommended that the department present the various items to the appropriate legislative committees of the Fifty-seventh General Assembly.

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DEPARTMENT OF JUSTICE:

The Commission of 1950 thought it advisable to place all investigating bodies in the Department of Justice under the attorney general. Although the attorney general has enforcement responsibility, the Department of Justice is primarily a legal department. It acts as counsel in all legal matters involving the state of Iowa. The primary function is that of counseling and advising the various officers and departments of the state government. Investigation and police work, while related to law enforcement, is to be distinguished from law work. Placing the police personnel of the state under the attorney general would be analogous to the placing of sheriffs and their deputies under county attorneys. It appears that the legal work of the state would be impaired by burdening the legal department with the overall police duties charged under the various statutes. It also appears very probable that the effectiveness of investigative and police work would be diminished if submerged by transfer to the legal department. The committee is of the opinion that the Department of Justice should, in fact, be relieved of some of its present police responsibilities. A bill has been prepared by the committee to accomplish this purpose.

(See Appendix, Bill "B")

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At the present time the attorneys for certain departments are not assistant attorneys general. It is the conclusion of this committee that all state counsel should be members of the staff of the attorney general. One advantage lies in the fact that the opinions of the counsel of all departments could then come before

DEPARTMENT OF JUSTICE (Cont.)

the entire staff of the attorney general for consideration. Also, in many instances, rulings for one department may affect other departments. It is therefore important that all rulings emanate from one legal office. It is the consensus of this committee that commerce counsel, public instruction counsel and employment security commission counsel should be members of the staff of the attorney general. In some instances one lawyer may competently serve more than one department. As special counsel are paid by the department to which assigned, provision should be made for prorating the cost of special counsel between departments served by any one staff member. The bill prepared by this committee provides for special counsel for the commerce department, department of public instruction and the employment security commission as members of the staff of the attorney general, as well as those presently designated for the highway commission, the tax commission and the board of social welfare. As drawn, greater flexibility will result than is existant under present provisions in that one lawyer may serve more than one of the departments for which special counsel is designated. (See Appendix, Bill "C")

EXECUTIVE COUNCIL:

It is to be noted that Paragraph b of sub-section 6 of Section 8.5 of the Code provides for the adoption and establishment of a plan of classification and compensation by the Executive Council, through the personnel director, for each position and type of employment in state government, with certain exceptions. It appears entirely inconsistent, with this provision, to have the personnel director appointed by the comptroller as is provided in the said Section 8.5 of the Code. The Executive Council, as administrative heads of the departments primarily concerned, are in constant touch with the personnel under the office of the personnel director. The counseling and advising of the personnel director is not a function related to the objectives of the office of the comptroller. It is the duty of the Executive Council to supervise and control the purchase of property by the state and to safeguard its expenditures for such purposes. Likewise, in the interest of economy, the Executive Council should be charged with personnel responsibility. This was obviously intended by placing the classification responsibilities referred to above on the Executive Council. Classification is a continuing function. The intent of the law can best be accomplished by placing the personnel director under the Executive Council. It is recommended that appointment of the personnel director be placed in the Executive Council, and that such officer hold office at the pleasure of the Council. (See Appendix, Bill "D")

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SECRETARY OF STATE:

The licensing of corporations, foreign and domestic, is a function of the Secretary of State. In his office all articles of incorporation are filed. There is also filed with the Secretary of State reports of all stock issued by domestic corporations. In addition, an annual corporate statement is required to be submitted to the Secretary of State and filed in his office. At one time all securities registered for sale in the state of Iowa were registered by the Secretary of State. Inasmuch as the Secretary of State is charged with the functions of state government generally pertaining to the affairs of corporations, including stock issuance records, it is the consensus of this committee that registration of securities should be accomplished in the same office. The stock issuance certificates filed with the Secretary of State are of little significance unless general information relating to authorized securities is readily available. If not impossible, it is nevertheless administratively very cumbersome to correlate these certificates with the records of the securities division of the insurance department. Efficiency and economy could be accomplished by transferring the securities division to the office of the Secretary of State. A bill designed to effectuate such transfer has been prepared. (See Appendix, Bill "E")

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Although the office of the Secretary of State is the main occupational license issuing department of state government, this committee finds that in many instances occupational licenses are issued by other boards and agencies which it is believed should be

SECRETARY OF STATE (Cont.)

issued by a central occupational licensing division. In accordance with the findings of this committee, it is recommended that a division of occupational registration, in the office of the Secretary of State, should be established for the purpose of furnishing administrative assistance in issuing licenses and permits for the architectural examiners, accountancy board, state beer permit board, employment agency commission, engineer examiners, mining department, public safety department, real estate commission, shorthand reporters examiners, tax commission and watchmakers examiners. The function of determining substantively whether licenses should be issued is not to be transferred. It is intended that applications be filed with the Secretary of State and such licenses issued as are ordered by the said boards and agencies. The fees for licenses would be collected by the Secretary of State and paid over to the treasurer. In other words, the function of the Secretary of State's office, with respect to the issuance of licenses, would be purely administrative and would not assume the quasi-judicial functions of the various boards and agencies. (See Appendix, Bill "F")

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STATE AUDITOR:

It has been noted that the provisions relating to Morris Plan Banks are under the supervision of the Auditor of State. A bill will be introduced regulating this type of institution. The matter came before this committee as a study matter as to what department should be charged with the administration of such a law. At present there are no statutory provisions regulating such concerns which are referred to in Section 429.11 of the Code. It is the opinion of this committee that such a law could be administered by the Auditor. (See Appendix, Bill "G")

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Presently bonds of certified public accountants are filed in the office of the Auditor. Bonds submitted should be approved by the accountancy board. There appears to be no reason why such bonds should be filed with the Auditor. It is therefore recommended that the custody and approval of bonds of certified public accountants be placed within the jurisdiction of the state accountancy board. (See Appendix, Bill "H")

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In conducting its studies it came to the attention of the committee that regular audits by towns are not presently required. It appears that some provision for audits of towns is indicated. Although not strictly within the perview of this committee, inasmuch as that it was the consensus of the committee that statutory regulation was desirable, the commttee studied various recommendations and submits as its recommendation that audits of the accounts of each town should be made at least once in each five year period. (See Appendix, Bill "I")

COMMERCE COMMISSION:

The Commerce Commission is the only commission in our governmental structure which is elective rather than appointive. It appears that commissions, particularly those whose functions are such that pressure from public groups is invited, can more independently perform their responsibilities if they are not directly affected by political considerations. Of course all personnel, other than Civil Service personnel, may be subject to some pressures. However, under the appointive system, as the pressures are indirect, they are of far less significance than the direct pressures which may be brought to bear when the personnel constituting the commission are subject to election. This committee recommends abolishment of the present elective commerce commission and the establishment of an appointive commission. A bill has been prepared which establishes an appointive commission of three members, not more than two of whom shall be of the same political party. Each commissioner serves for a term of six years. The appointment is made by the governor and is subject to approval by two-thirds of the Senate in executive session. The bill provides for repeal of the present elective provisions effective July 1, 1961. The terms of the commissioners elected in 1954 will be extended to July 1, 1959. The term of the commissioner elected in 1956 is extended to July 1, 1961. In 1959 the governor shall appoint, with the approval of the Senate, successors for the commissioners whose terms expire July 1 of that year. One of the appointments would be for a short term of four years and the other for a full term of six

COMMERCE COMMISSION (Cont.)

years. In 1961 appointment would be made for the term commencing July 1 of that year. (See Appendix, Bill "J")

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CONSERVATION COMMISSION:

The Conservation Commission acquired certain lands which constitute the state forest nursery located in Story County. The functions of the Conservation Commission, in connection with the nursery, closely parallel, and in some instances overlap, certain activities of the extension service of the college. The nursery is near the college. It is a burden to the Conservation Commission and appropriate use thereof would be facilitated by placing the forest nursery under the jurisdiction of the college. Therefore it is recommended that jurisdiction and supervision of the state forest nursery be vested under the Iowa State College of Agriculture and Mechanic Arts, and that custody of the deeds and abstracts be placed in the board of regents.

(See Appendix, Bill "K")

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INDUSTRIAL COMMISSION:

This committee has no recommendations with respect to this office, but as the committee was particularly impressed with the economy and efficiency of operation of this office it was believed that comment in this report was indicated. During the past year 14,000 accidents and injuries were reported to the office. These cases were handled with care and expedition. The entire work of the office is accomplished with only eight employees. While particular mention is made of this office, such fact is in no way intended to reflect on the efficiency of the other departments of the state government. This committee has noted in its Submission of Report the general high state of efficiency of administration throughout the state government. The office of the industrial commissioner is mentioned as a worthy example deserving of legislative note.

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DEPARTMENT OF LABOR:

During the committees investigation of the Department of Labor, it became apparent that the child labor law should be revised. Reorganization is not involved, but this committee believes that it would be remiss if it omitted to report its unanimous conclusion that revision of these laws is urgently needed.

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DEPARTMENT OF HEALTH:

It is the consensus of the committee that the objectives and the functions of the Board of Health could be more advantageously achieved, and that greater benefits could be brought to the people of the state, if the Board were reconstituted. Definite contributions could be made by persons possessing special qualifications applicable to the area of the department. The committee recommends reconstitution by establishment of a new board of twelve members comprised of the commissioner of health, who would be a non-voting member, and four physicians licensed to practice medicine and surgery, an osteopathic physician licensed to practice osteopathy or osteopathy and surgery, a dentist, a pharmacist, a registered nurse, a veterinarian, a sanitary engineer and a hospital administrator. With the exception of the commissioner of health, who would serve ex-officio, the members would be appointed by the governor from lists furnished by the various professional associations of the professions which are represented. (See Appendix, Bill "L")

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It is believed that economies can be effected by requiring all divisions of the state Department of Health to submit all documents intended to be printed to the commissioner of public health for his action of approval or disapproval. A bill has been prepared designed to achieve this purpose and its passage is recommended. (See Appendix, Bill "M")

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BOARD OF CONTROL:

Section 223.2 of the Code sets forth qualifications for the superintendents of the hospital for epileptics and the school for the feeble minded. Under these provisions the superintendents must be physicians with at least five years experience in the actual practice of medicine. The duties of the superintendents of these hospitals are, in fact, institutional administrative duties. Professional medical qualifications are of no real significance. It is difficult, if not almost impossible, to employ persons possessing the professional qualifications specified at the salaries provided. It is apparent that in the interest of both economy and efficiency, the Board of Control should be granted the power to use its discretion as to the qualifications to be required of persons filling these superintendencies. It is therefore recommended that the Board of Control be empowered to appoint superintendents for the hospital for epileptics and the school for feeble minded without statutory limitation as to qualification. (See Appendix, Bill "N")

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The Board of Control is presently charged with the duty of making at least two inspections each year of every private and county institution wherein insane persons are kept. The inspections relate to inspections of the buildings of such institutions. These buildings are subject to inspection by the state fire marshal, the board of health and the grand jury of the county in which an institution is located. An unwarranted duplication results. The Board of Control should be relieved of such inspect-

BOARD OF CONTROL (Cont.)

ion duties. It is so recommended by this committee.

(See Appendix, Bill "O")

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With respect to inmates of the Woodward State Hospital and the Glenwood State School, the Board of Control is presently without authority to transfer inmates to the county homes of the counties of their residence. Power is granted under Section 223.8 of the Code to transfer such inmates to other state institutions. In some instances transfer to the county home would be appropriate. It is recommended by this committee that the Board of Control be granted authority to transfer inmates of these institutions to the county homes of their respective residences. (See Appendix, Bill "P")

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BOARD OF SOCIAL WELFARE:

Under the provisions of Section 234.8 of the Code, to qualify as an employee of the state Department of Social Welfare, one must have been a resident of the state of Iowa for a period of at least two years immediately preceding their employment. This is the only department of state government in which residence for a specified period is a condition precedent to employment. It has been difficult to obtain qualified personnel for this department. The employment problem would be alleviated if persons who are presently residing in the state, but who have not lived here for two years, were made available. Frequently a professionally qualified person, who is the spouse of a student, would accept such employment if not barred by this provision. It is recommended that the two year resident requirement be repealed. (See Appendix, Bill "Q")

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BOARD OF PAROLE:

At the present time there is no authority for the transferring of prisoners at penal institutions, who may be in need of physical or mental treatment, to institutions where such treatment can be administered. This situation should be remedied. It is recommended that Section 247.5 of the Code be amended to permit the Board of Parole to transfer any prisoner under its jurisdiction from any institution supervised by the board of control to any other institution under the board of control. (See Appendix, Bill "R")

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It is presently provided that before any person may be parolled by the parole board an employer must guarantee that such person will be given six months employment. Employers have increasingly become reluctant to guarantee six months employment. In many instances a person eligible for parole must stay in prison for a long period of time after becoming eligible for the sole reason that the employment guarantee cannot be fulfilled, although it would be possible to obtain employment on a thirty to sixty day trial basis. Holding persons in prison, because the statutory employment condition cannot be met, is detrimental to the rehabilitation objectives of the parole board and results in unwarranted increased expense to the state. It is recommended that the six months employment guarantee requirement be repealed.

(See Appendix, Bill "S")

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PRINTING BOARD:

The superintendent of printing reports that the demand for departmental rules has not met the cost of printing. In view of the fact that the public is bound by departmental rules, the state must necessarily make such rules available to those members of the public who desire them. To fulfill the state's obligation of making departmental rules available, and at the same time relieve the state of the expense necessarily incurred in publishing the rules, it is recommended that the departmental rules be published at the same time that the Code is published, and that the Code and departmental rules be sold together, making provision, however, for the purchase of the departmental rules without inclusion of the Code in order that school districts and others who may need copies of the regulations, but have no particular use for the Code, will not be required to make the combined purchase. (See Appendix, Bill "T")

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Many publications of the various departments set forth statutes and rules pertaining to the issuing department. Inasmuch as that the Code and the departmental rules are published for sale by the state, it is inconsistent to make free distribution of state publications setting forth the statutes and rules, department by department. It is therefore recommended that any departmental publications, which contain reprints of statutes or departmental rules, shall be sold and distributed at cost to the state. (See Appendix, Bill "U")

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PRINTING BOARD (Cont.)

There appears to be no reason why the superintendent of printing should not fill a specific term of office, as do other state officials. It is presently provided that the superintendent shall serve at the pleasure of the Printing Board. It is recommended that this provision (Section 16.1 of the Code) be amended to provide for two year terms beginning July 1 of each odd numbered year. (See Appendix, Bill "V")

A-P-P-E-N-D-I-X

"A"

A BILL FOR

An Act to transfer the administration of the statutes relating to fire protection in hotels from the department of agriculture to the fire marshal.

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

Section 1. The administration and enforcement of sections one hundred seventy point thirty-eight (170.38) to one hundred seventy point forty-five (170.45), Code 1954, as amended, is hereby transferred from the state department of agriculture to the state fire marshal.

Sec. 2. Section one hundred seventy point forty (170.40), Code 1954, is hereby amended by striking from lines five (5) and six (6) the word "department" and inserting in lieu thereof the words "fire marshal".

Sec. 3. Section one hundred seventy point forty-two (170.42), Code 1954, is hereby amended by striking from the last line the word "dpeartment" and inserting in lieu thereof the words "fire marshal".

Sec. 4. Section one hundred seventy point forty-seven (170.47), Code 1954, is hereby amended by striking from lines five (5), six (6) and seven (7) the following:

"or that the fire escapes and appliances are not kept in accordance with law,".

Sec. 5. Section one hundred seventy point forty-eight (170.48), Code 1954, is hereby repealed.

"B"

A BILL FOR

An Act relating to the powers and duties of the attorney general and to amend sections eighty point twenty-two (80.22) and seven hundred forty-eight point six (748.6), Code 1954.

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

Section 1. Section eighty point twenty-two (80.22), Code 1954, is hereby amended by striking from lines thirteen (13) and fourteen (14) the following: "for special service in the department of justice," and inserting in lieu thereof "for assistance in carrying out his duties as set forth in section thirteen point two (13.2)".

Sec. 2. Section seven hundred forty-eight point six (748.6), Code 1954, is hereby amended by striking from line one (1) thereof the words "and attorney general".

Further amend said section by striking from line two (2) "each" and the word "their" and by inserting in lieu of the word "their" so stricken the word "his".

"C"

A BILL FOR

An Act to provide for special assistant attorneys general to be assigned to various state departments and to provide for their compensation and expenses.

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

Section 1. The attorney general may appoint and fix the compensation of assistant attorneys general to perform and supervise the legal work of the following departments where assigned:

1. A commerce counsel for the commerce commission to be paid from appropriations to said commission.

2. A public instruction counsel for the department of public instruction to be paid from appropriations to said department.

3. An employment security counsel for the employment security commission to be paid from the employment security administration fund.

4. A highway commission counsel for the highway commission to be paid from the primary road fund.

5. A tax commission counsel for the state tax commission to be paid from appropriations to said commission.

6. A social welfare counsel for the state social welfare board to be paid from appropriations to said board.

Upon the request of the attorney general each of said departments, boards and commissions shall provide and equip suitable offices and necessary secretarial assistants for the special assistant attorney general assigned to it. The necessary traveling expenses of each such assistant attorney general shall be paid in the same manner and from the same source as his salary.

In lieu of appointment of a special assistant for each of said departments, the attorney general may assign or appoint one assistant for any two or more departments, in which event his salary and expenses shall be prorated to the departments to which he is assigned.

Sec. 2. Sections thirteen point five (13.5), thirteen point six (13.6), three hundred seven point nine (307.9), and four hundred seventy-five point one (475.1) to four hundred seventy-five point five (475.5) inclusive, Code 1954, are hereby repealed.

Sec. 3. Section thirteen point seven (13.7), Code 1954, is hereby amended by striking the last sentence therefrom.

Sec. 4. Section ninety-six point eleven (96.11), Code 1954, is hereby amended by striking from line five (5) of subsection four (4) the following: "attorneys,".

Sec. 5. Section ninety-six point seventeen (96.17), Code 1954, is hereby amended as follows:

1. By striking from line three (3) of subsection one (1) the word "may" and by inserting in lieu thereof the word "shall".

2. By striking from lines four (4) to seven (7) inclusive of subsection one (1) the following: "any qualified attorney who is a regular salaried employee of the commission and is designated by it for this purpose or, at the commission's request, by".

3. By striking the remainder of subsection one (1) which follows the period in line seven (7) thereof.

"D"

A BILL FOR

An Act providing for the repeal of section eight point five (8.5), subsection six (6), Code 1954, relating to the division of personnel, and to amend chapter nineteen (19), Code 1954, by adding a new section thereto assigning certain duties relating to the administration of personnel to the executive council.

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

Section 1. Section eight point five (8.5), subsection six (6), Code 1954, is hereby repealed.

Sec. 2. Amend chapter nineteen (19), Code 1954, by adding thereto a new section as follows:

"The executive council shall appoint a personnel director who shall hold office at its pleasure, and perform such duties as may be required by law or the executive council.

1. Through the personnel director, the executive council shall adopt and establish a plan of classification and compensation for each position and type of employment in state government, except for positions for which the salaries or compensation is fixed by statute, and shall prescribe therein the necessary salary schedules, fixing a minimum and maximum for each class of employees doing the same general type of work. With the approval of the executive council, the personnel director shall make such regulations and adopt such methods of qualifying employees for positions as will make the plan effective, and shall prescribe rules to provide for personnel administration which shall include rules governing appointments, promotions, demotions, transfers, separations, vacations and sick leave as provided by law, and hours of employment.

The plan adopted for personnel administration shall be based on merit system principles and standards.

2. The employees under the attorney general, employees of the supreme court, employees of the clerk and reporter of the supreme court, and those employees under the state banking board and the employees of institutions under the state board of regents shall not come under the division of personnel.

3. Merit system. The present joint merit system now effective in state agencies expending federal funds shall remain in full force and effect so far as they apply to such agencies until such time as the plan and rules promulgate under the provisions of the preceding sections are approved by the appropriate federal agencies."

"E"

A BILL FOR

An Act to transfer to the secretary of state the administration of the securities laws from the commissioner of insurance and in relation thereto to confer on said secretary of state all the powers and duties in the administration of the chapters relating to sale of stock on the installment plan, the Iowa securities law and membership sales.

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

Section 1. Chapters five hundred one (501), five hundred two (502), and five hundred three (503), Code 1954, are hereby amended by striking the words "commissioner of insurance" wherever they appear in said chapters and inserting in lieu thereof in each instance the words "secretary of state".

Sec. 2. On the effective date of this Act the secretary of state shall succeed to all the powers and duties of the commissioner of insurance in the administration of these chapters. On said date all files, records and equipment of the securities division shall be transferred to the secretary of state. In all proceedings pending in any court in relation to the administration of these chapters the secretary of state shall be substituted as a party for the commissioner of insurance. All rules and regulations, licenses or permits theretofore issued by the commissioner of insurance shall continue to be effective until altered, renewed or revoked by the secretary of state. All funds credited and available on that date to the commissioner of insurance for the administration of these chapters and all securities and bonds in escrow with the commissioner under said chapters shall be transferred to the secretary of state.

Sec. 3. Section five hundred three point two (503.2), Code 1954, is amended as follows:

1. Add in line eight (8) after the figures "498" the words and figures "499 and 499A".

2. Strike from lines nine (9), twelve (12) and twenty-three (23) the words "and/or" and insert in lieu thereof the word "or".

Sec. 4. Section five hundred three point fourteen (503.14), Code 1954, is amended by adding at the end of the last sentence the following: "substituting in said notice or process the secretary of state for the insurance commissioner".

A BILL FOR

An Act to create in the office of the secretary of state a division of occupational registration; to define the duties of said division; to transfer license issuing, clerical, and other administrative duties from certain licensing boards to said division; and to amend various sections of the Code relating thereto.

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

Section 1. Division created. There is hereby created in the office of the secretary of state a division of occupational registration for the purpose of furnishing administrative assistance in issuing licenses and permits by the following agencies: Architectural examiners, accountancy board, state beer permit board, employment agency commission, engineering examiners, mining department, public safety department, real estate commission, shorthand reporters examiners, tax commission and watchmakers examiners.

Sec. 2. Duties. The division of occupational registration under the secretary of state shall perform the following duties in respect to said licensing agencies.

1. Applications. May receive applications for permits, licenses and certificates and shall transmit same to the proper agency.

2. Licenses. Issue licenses, permits, and certificates, as ordered by said boards under the seal of the secretary of state.

3. Fees. Collect and pay over to the treasurer of state all fees provided by law for such licenses, permits, certificates, and examinations received.

4. Registers. Maintain registers of all licensees, permittees and certificate holders.

5. Forms. Procure and furnish all forms necessary in connection with the issuance and renewal or revocation of licenses, permits, and certificates.

6. Certificates. Maintain on hand a supply of certificates, licenses, and permits with the necessary signatures affixed thereto.

Sec. 3. Section eighty-two point five (82.5), Code 1954, is amended by inserting in line six (6) after the word "shall" the words "direct the secretary of state to".

Sec. 4. Section eighty-two point six (82.6), Code 1954, is amended by inserting in line ten (10) after the second word "shall" the words "direct the secretary of state to".

Sec. 5. Section ninety-five point three (95.3), Code 1954, is amended by adding at the end thereof the following:

"All licenses required under this chapter shall be issued by the secretary of state".

Sec. 6. Section one hundred fourteen point twelve (114.12), Code 1954, is amended by inserting after the word "secretary" in line two (2) the words "of state".

Sec. 7. Section one hundred fourteen point seventeen (114.17), Code 1954, is amended by inserting after the word "shall" in line four (4) the words "direct the secretary of state to".

Sec. 8. Section one hundred fourteen point nineteen (114.19), Code 1954, is amended by inserting after the word "shall" in line five (5) the words "direct the secretary of state to".

Sec. 9. Section one hundred fourteen point twenty (114.20), Code 1954, is amended by inserting after the word "shall" in line thirteen (13) the words "direct the secretary of state to".

Sec. 10. Section one hundred fifteen point three (115.3), Code 1954, is amended by adding at the end thereof the following:

"The board shall direct the secretary of state to issue certificates to those entitled thereto."

Sec. 11. Section one hundred sixteen point twelve (116.12), Code 1954, is amended by striking from line one (1) the words "board of accountancy" and inserting in lieu thereof the words "secretary of state".

Further amend said section by adding at the end thereof the following:

"All certificates required by this chapter shall be issued by the secretary of state upon order of the board of accountancy."

Sec. 12. Section one hundred eighteen point six (118.6), Code 1954, is amended by adding after the word "secure" in line three (3) the words "from the secretary of state upon order".

Sec. 13. Section one hundred eighteen point nine (118.9), Code 1954, is amended by striking from lines seven (7) and eight (8) the words "issue to him" and inserting in lieu thereof the words "cause to be issued to him by the secretary of state".

Sec. 14. Section one hundred eighteen point eleven (118.11), Code 1954, is amended by striking from lines four (4) and seven (7) the words "paid to the board" and inserting in lieu thereof the words "paid to the secretary of state".

Sec. 15. Section one hundred twenty point three (120.3), Code 1954, is amended by inserting in line three (3) of subsection three (3) after the word "secretary" the words "of state".

Sec. 16. Section one hundred twenty point five (120.5), Code 1954, is amended by striking from line five (5) the words "the board" and inserting in lieu thereof the word "state".

Sec. 17. Section one hundred twenty point eight (120.8), Code 1954, is amended as follows:

1. Insert in line three (3), of subsection one (1), after the word "shall" the words "direct the secretary of state to".

2. Insert in line nineteen (19), of subsection two (2), before the word "issue" the words "direct the secretary of state to".

3. Insert in line sixteen (16), of subsection three (3), after the word "and" the words "direct the secretary of state to".

4. Insert in line four (4), of subsection four (4), after the word "annually" the words "by the secretary of state".

Sec. 18. Section one hundred twenty point nine (120.9), Code 1954, is amended by striking from line five (5) the word "board" and inserting in lieu thereof the words "secretary of state".

Sec. 19. Section one hundred twenty-four point five (124.5), Code 1954, is amended by striking from line three (3) the word "issue" and inserting in lieu thereof the words "direct the secretary of state to issue".

Sec. 20. Section three hundred twenty-two point five (322.5), Code 1954, is amended by striking from lines four (4) and six (6) the word "department" and inserting in lieu thereof the words "secretary of state".

Sec. 21. Section three hundred twenty-two point seven (322.7), Code 1954, is amended by inserting in line four (4) after the word "shall" the words "direct the secretary of state to".

Sec. 22. Section three hundred twenty-two point eight (322.8), Code 1954, is amended by inserting in the third line from the end of said section before the word "issue" the words "direct the secretary of state to".

Sec. 23. Section three hundred twenty-two point twelve (322.12), Code 1954, is amended by striking from line four (4) the word "department" and inserting in lieu thereof the words "secretary of state".

Sec. 24. Section four hundred twenty-two point fifty-three (422.53), Code 1954, is amended by inserting in line three (3) of subsection three (3) after the word "and" the words "direct the secretary of state to".

"G"

A BILL FOR

An Act relating to and providing for the supervision and regulation of certain loan corporations, rewriting and recodifying sections four hundred twenty-nine point eleven (429.11), Code 1954, and repealing sections four hundred twenty-nine point eleven (429.11), four hundred twenty-nine point twelve (429.12) and four hundred twenty-nine point thirteen (429.13) of said Code, which relate to the supervision and regulation of such corporations.

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

Section 1. LOAN CORPORATIONS. Any domestic corporation engaged in the business of loaning money to deserving persons whose business or circumstances are such as to make it desirable or convenient for them to accumulate funds with which to repay such loans by paying into a fund comparatively small amounts at frequent regular intervals, which fund may be held by such corporation as collateral security for the payment of such loans, on or before April 15 of each year shall file with the auditor of state a verified report and statement of its financial condition, and showing the following items:

1. Its total capital stock paid in.
2. Its net surplus and undivided profits.
3. The total amount of loans outstanding.
4. The highest rate of interest charged and collected on loans made by it.
5. Whether its loans have been made to deserving persons whose business or circumstances are such as to make it desirable or convenient for them to accumulate funds with which to repay such loans by paying into a fund comparatively small amounts at frequent regular intervals.
6. Such further information in detail as the auditor of state shall from time to time require.

Sec. 2. APPLICATION FOR CERTIFICATE. Applications for certificates of authority and license to conduct the business herein referred to shall be in writing, under oath, and in the form prescribed by the auditor of state. The application shall give the location where the business is to be conducted and shall contain such further relevant information as the auditor of state may require. At the time of making such application, the applicant shall pay to the auditor of state the sum of one hundred dollars as an annual license fee for the period ending December 31 next following the application; provided, that if the certificate of authority is granted after June 30 in any year, the license fee for the remainder of that year shall be fifty dollars. In addition to the annual license fee every certificate holder shall pay the auditor of state the actual costs of each examination of its affairs made under the provisions of this Act and actual expenses of the investigation of the application. Corporations

transacting business on July 31, 1957, under the provisions of section 429.11, section 429.12 and section 429.13, Code of Iowa, 1954, shall make the applications referred to herein within thirty days after the effective date of this Act or cease transacting such business on or before such date, and such corporations so making said applications may continue to transact such business under the provisions of said sections of said code prior to the effective date of this Act and on and after such date under the provisions of this Act until such certificates of authority shall have been issued or shall have been denied; and upon denial such corporations shall cease transacting such business at the addresses specified in such applications. Each such certificate shall issue upon such reasonable evidence of qualification as may be required by the auditor of state or upon his investigation as provided for in section 4 of this Act, made on or after the effective date thereof. Corporations not so certified and licensed on January 31, 1957, shall not transact business under the terms of this Act until so certified and licensed.

Sec. 3. CERTIFICATE OF AUTHORITY. Each certificate of authority shall remain in full force and effect until surrendered, revoked or suspended as hereinafter provided. Each certificate holder shall, on or before December 10 of each year, pay to the auditor of state the sum of one hundred dollars for each certificate of authority held by it as a license fee for the succeeding calendar year. One certificate of authority shall be required for each place of business conducted by any licensee hereunder and each certificate shall state the correct address of the place of business for which it is issued. Such certificate of authority shall constitute and be a license to the holder thereof to transact the business referred to in section 1 hereof in the community of such address, which place of business may be moved to any other location or address in such community with the approval of the auditor of state, in which event he shall issue, without charge, a substitute certificate showing the correct city or town in this state and street address of such new location. No place of business referred to herein shall be maintained outside the state of Iowa.

Sec. 4. INVESTIGATION OF CORPORATE APPLICATION. Upon the filing of such application and the payment of such fees the auditor of state may investigate the facts concerning the application and the requirements therefor provided for in this Act as he may deem necessary or desirable. The auditor of state shall grant or deny each application for a license within sixty days from the date of filing of such application unless the period is extended by written agreement between the applicant and the auditor of state. Failure to comply with or conform to the provisions of this Act shall be sufficient grounds for the denial of such application, and no certificate of authority shall issue under the provisions of this Act until after September 30, 1957.

Sec. 5. REQUIREMENTS FOR ISSUANCE OF CERTIFICATE OF AUTHORITY. If the auditor of state shall reasonably find:  
(1) that the financial responsibility, working capital and experience of the corporation and of the officers of such corporation

are such as to command the confidence of the public and to warrant the belief that the business will be operated lawfully, honestly and fairly within the purpose of the Act; and (2) that the probably volume of business at the location for which application is made will be sufficient to maintain the solvency of such corporation and that there is a reasonable public demand for such a corporate enterprise in such community; and (3) that such corporation has and will maintain working capital sufficient in amount to successfully conduct its business, to protect the public against its unsuccessful operation and to warrant the type and size of the loans it makes, he shall thereupon enter an order granting such application, filing a summary of the facts established at any hearing and delivering a certificate of authority to do business to the applicant.

Sec. 6. DENIAL OF LICENSE OR FAILURE TO QUALIFY. If the auditor of state shall reasonably find from the facts under the provisions of this Act that such certificate of authority should not issue, he shall enter an order denying the application and notify the applicant of the denial, and return the annual license fee. No loan legally made under the provisions of section 429.11, Code of Iowa, 1954, shall be impaired or the obligation thereof affected by the denial of license as hereinabove provided nor by the failure or refusal of the corporate maker of such loan to make application for a license under the provisions of this Act or the denial of such license upon such application as in this Act provided.

Sec. 7. ANNUAL EXAMINATION. Once each year the auditor of state shall make an examination of the business of each such corporation and of the loans, transactions, books, papers, methods of doing business and records of such corporation. For good cause the auditor of state may make additional special examinations. The actual cost of examination, including the compensation per diem of his examiners in amounts to be fixed by the auditor of state, shall be paid to the auditor of state by each such corporation so examined, and the auditor of state may maintain an action for the recovery of such costs in any court of competent jurisdiction.

Sec. 8. HEARING PROCEDURES. Procedures at any hearing and rules governing the same may be established, changed or amended by said auditor of state at any time and without compliance with the provisions of the next succeeding section hereof.

Sec. 9. RULES AND REGULATIONS. The auditor of state shall have power and authority to make regulations and orders which interpret, apply or explain the section or sections of this Act as they may be necessary. A copy of every regulation and of every order containing a requirement of general application shall be mailed to each certificate holder under this Act, by ordinary mail addressed to its principal place of business and mailed at least fifteen days before the effective date thereof; provided, however, that any failure to so mail such copies or any irregularity in such mailing shall not affect the legality of such regulation or order nor the effective date thereof.

Sec. 10. LIMITATION OF CORPORATE ACTIVITY. No corporation certified and licensed hereunder shall transact or do any business or act other than the business authorized by this Act and such business or acts that may be incidental thereto, including, without limitation, the acquisition and ownership of real estate, real and personal leasehold interests, personal property, stocks, bonds, obligations and securities of other corporations, associations, firms and individuals, and the writing or furnishing of credit insurances to secure loans made hereunder or other insurances covering property taken or mortgaged to secure loans made hereunder as agent of the insurance companies bound by such insurances or through officers or employees of such lending company acting as agents of such insurance company, provided that no such credit insurance may be required as a condition precedent to the making of any loan nor shall such insurance exceed the maximum principal balance of such loan, nor the amounts of installment payments of accident and health insurances nor shall there be more than one credit life and one accident and health policy in existence at any one time. Nothing contained in this Act shall prohibit the taking or acceptance of collateral security by mortgage, pledge, assignment or otherwise, now or hereafter permitted under the laws of this state, to secure any loan or loans referred to in this Act.

Sec. 11. CHARGE LIMITATIONS. No such corporation shall charge, contract for or receive, in addition to premiums for insurances referred to in section 10 hereof, any amount for expenses incurred or services rendered by the corporation incident to said loan or the security therefor, such as investigating the moral and financial standing of the borrower, investigating the security and title thereto, closing the loan and placing the same upon its books and for any and all expenses incurred or services rendered at the request of the borrower or on his behalf, hereinafter referred to as "service fee", in excess of three cents for each dollar of the total amount of such loan, including such charges and expenses, or a total of thirty dollars for each loan made, renewed or extended, whichever may be the lesser; provided that no charge referred to in this section shall be made unless a bona-fide loan shall be made, renewed or extended, as a result of an application for a loan from such corporation. If the same certificate holder makes a subsequent contract with the same borrower within three months of a prior contract for which the certificate holder has been paid a service fee as in this section eleven (11) provided, such certificate holder shall not charge a service fee on any portion of the subsequent loan which is used to pay any portion of such prior contract.

Sec. 12. REFUNDS. If any contract of loan made under the provisions of this Act is paid in full one or more months before the scheduled maturity date thereof, the corporation shall refund or credit to the borrower all sums paid into the fund established under the provisions of section one (1) hereof after deducting from such fund for such prepayment such sum or sums as shall be established by schedule by the auditor of state, which schedule may be changed or amended from time to time to meet varying economic conditions.

Sec. 13. REVOCATION OF LICENSE. The auditor of state may, upon at least twenty days' written notice to the licensee stating the contemplated actions and grounds and upon reasonable opportunity to be heard, revoke any license issued hereunder if he shall find that (1) the licensee has failed, after ten days' notice of default, to pay the annual license fee or to comply with any provision of law, of this Act or any rule or regulation lawfully made pursuant to or within the authority of this Act; or (2) any fact or condition exists which would have warranted the auditor of state in refusing originally to issue such license.

Sec. 14. SUSPENSION OF LICENSE. If the auditor of state shall find that probable cause for revocation of any license exists and that the enforcement of the provisions of this Act or any rule or regulation lawfully made within the authority of this Act requires immediate suspension of such license pending investigation, he may, upon five days' written notice and a hearing, suspend such license for a period not exceeding thirty days.

Sec. 15. SURRENDER OF LICENSE. Any licensee may surrender any license by delivering to the auditor of state written notice that he thereby surrenders such license, but such surrender shall not affect such licensee's civil or criminal liability for acts committed prior to such surrender.

Sec. 16. ORDERS AND APPEALS. Whenever the auditor of state shall deny, revoke or suspend a license issued under this Act, he shall forthwith so notify the corporation affected thereby. Such corporation may within thirty days thereafter appeal to the district court of Polk County, Iowa, or the county of its residence in the manner provided for the commencement of ordinary actions, which appeal shall be tried to the court de novo and in equity. Upon good cause shown the court may vacate, modify or rescind such order if the same is found to be unreasonable, arbitrary or capricious. An appeal may be made to the supreme court of this state by the corporation or auditor of state in the matter that appeals are so taken in suits of equity.

Sec. 17. EFFECT OF SUSPENSION, REVOCATION OR SURRENDER. Upon suspension, revocation or surrender of the license provided for in this Act the holder thereof shall cease the transaction of business thereunder and the making of loans authorized by said license. No revocation or suspension or surrender of any license, however, shall impair or affect the obligation of any pre-existing lawful contract between the licensee and any borrower. Every license issued hereunder shall remain in force and effect until surrender, suspension or revocation, in accordance with the provisions of this Act. The auditor of state shall have authority on his own initiative to reinstate suspended licenses or to issue new licenses to a licensee whose license or licenses shall have been revoked if no fact or condition then exists which would have warranted him in refusing originally to issue such license under this Act.

Sec. 18. ARTICLES AMENDED --- MODIFICATION OF BUSINESS --- APPOINTMENT OF RECEIVER. The provisions of this Act shall apply to all corporations incorporated and doing business in this state on January 31, 1957, under the provisions of sections 429.11, 429.12 and 429.13, Code of Iowa, 1954, and to corporations organized thereafter, and all such corporations doing business on January 31, 1957 shall, if necessary, amend their articles of incorporation and change, modify or amend their business practices and activities, to conform and comply with the provisions of this Act on or before September 30, 1957. In case any such corporation shall fail to amend its articles of incorporation if necessary, or change, modify or amend its business activities and practices to conform and comply with the provisions of this Act, ~~on~~ or prior to September 30, 1957, its authority and license under said sections or acquired by application made to the auditor of state under this Act to do business in this state shall be automatically revoked at the end of September 30, 1957.

Sec. 19. LOANS, EXTENSIONS AND RENEWALS. No corporation qualified under the provisions of this Act shall make, extend or renew any loan on or subsequent to the effective date of this Act that shall not meet the requirements of this Act or conform with the provisions thereof.

Sec. 20. LOANS PROHIBITED. Excepting as provided herein, no person, firm, corporation or association certified and licensed under the provisions hereof, shall make a loan or be a lender under the terms of any loan provided for herein.

Sec. 21. VIOLATIONS. Any loan made in violation of the provisions of this Act shall be usurious and be subject to all of the provisions of chapter 535, Code 1954. Any person, co-partnership, association or corporation, whether certified and licensed under the provisions of this Act or otherwise, and the several members, officers, directors, agents and employees thereof, who shall violate or participate in the violation of any of the provisions of this Act, including the making of loans under the terms provided for herein without being the holder of such certificate and license, shall be guilty of a misdemeanor and upon conviction thereof shall be punishable by a fine of not more than five hundred dollars or by imprisonment of not more than six months or by both such fine and imprisonment, in the discretion of the court. Under direction of the auditor of state the attorney general shall make application to the proper court for the appointment of a receiver to wind up the affairs of any partnership, association or corporation referred to in this section 21, and its affairs shall be wound up pursuant thereto and such corporation, association or partnership dissolved.

Sec. 22. ADMINISTRATION. The auditor of state shall be charged with the administration of the provisions of this Act.

Sec. 23. REPRESENTATIVES. "Auditor of state", as used in this Act, shall include the auditor of state of the state of Iowa and such duly appointed deputies or representatives as he shall designate.

Sec. 24. COMMUNITY. "Community", as used in this Act, may include any incorporated city or town in this state and the area of any unincorporated territory which area the auditor of state is hereby empowered to designate. Such area may be enlarged, diminished or changed by the auditor of state for good cause and upon his own initiative or otherwise.

Sec. 25. TITLE. This Act may be referred to as "Iowa Industrial Loan Law".

Sec. 26. SUBSTITUTION AND REPEAL. Section one (1) of this Act is hereby substituted for section four hundred twenty-nine point eleven (429.11), Code of Iowa, 1954, as a continuation of the provisions thereof; and section four hundred twenty-nine point eleven (429.11), section four hundred twenty-nine point twelve (429.12) and section four hundred twenty-nine point thirteen (429.13), Code of Iowa, 1954, are hereby repealed as of the date and time this Act becomes effective.

Sec. 27. ACCELERATION CLAUSE. This Act being deemed of immediate importance shall be in full force and effect from and after its passage and publication in \_\_\_\_\_, a newspaper published at \_\_\_\_\_, Iowa, and in \_\_\_\_\_, a newspaper published at \_\_\_\_\_, Iowa.

Approved \_\_\_\_\_, 1957.

"H"

A BILL FOR

An Act to transfer the custody and approval of bonds of certified public accountants from the auditor of state to the state accountancy board.

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

Section 1. Section one hundred sixteen point eleven (116.11), Code 1954, is hereby amended by striking from line sixteen (16) the words, "to the auditor of state" and inserting in lieu thereof the words, "to the accountancy board and approved by it".

"I"

A BILL FOR

An Act to require audits of the accounts of each town by the state auditor.

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

Section 1. Section eleven point thirty-one (11.31), Code 1954, is amended by adding the following:

"At least once in each five years, the state auditor shall make a separate and independent examination of the accounts of every town in the state and prepare a report with his comments and recommendations."

A BILL FOR

An Act to create an appointive Iowa State Commerce Commission and to abolish the present elective commission after expiration of the terms for which they were elected and as extended herein.

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

Section 1. Section four hundred seventy-two point two (472.2), Code, 1954, is hereby repealed and the following enacted in lieu thereof:

"The Iowa state commerce commission shall be composed of three appointive members, not more than two of whom shall be from the same political party, and each commissioner shall serve for six years from July 1 of the year of his appointment. Within sixty days after the convening of each regular session of the general assembly the governor shall appoint, with the approval of two-thirds of the senate in executive session, a successor to the member of said commission whose term will expire on July 1 following. Vacancies occurring while the general assembly is in session shall be filled for the unexpired portion of the term as full-term appointments are filled. Vacancies occurring while the general assembly is not in session shall be filled by the governor, but such appointments shall terminate at the end of thirty days after the convening of the next regular session of the general assembly. Vacancies shall be filled from the same political party from which the vacancy occurs.

"On the second Tuesday of July of each year, the commission shall organize by electing one of its members as chairman, and appointing a secretary, who shall take the same oath as the commissioners; but this or a part of this may be done at a subsequent meeting. The commission shall have power to employ additional clerical help as it may find necessary."

Sec. 2. Section thirty-nine point thirteen (39.13), Code 1954, is hereby repealed effective July 1, 1961, provided however, no election shall be held under said section in 1958 or in 1960. The terms of the two commerce commissioners elected in 1954 and their successors to fill vacancies, if any, are hereby extended to July 1, 1959. The term of the commerce commissioner elected in 1956 and his successor to fill a vacancy, if any, is hereby extended to July 1, 1961. Within sixty days after the convening of the regular session of the general assembly in 1959 the governor shall appoint, with approval of two-thirds of the senate in executive session, successors for the two commerce commissioners whose terms will expire July 1 following. One of said appointments shall be for a short term of four years and one shall be for a full term of six years. Only one of said two appointments shall be from the majority political party.

"K"

A BILL FOR

An Act to vest jurisdiction of the state forest nursery in the state college of agriculture.

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

Section 1. The jurisdiction and supervision of the state forest nursery located on lands in sections thirteen (13) and fourteen (14) of Township eighty-three (83) North, Range twenty-four (24) West of the fifth (5th) Principal meridian in Story County, Iowa is hereby vested in the Iowa State College of Agriculture and Mechanic Arts.

Sec. 2. All deeds and abstracts of such property in the hands of the conservation commission shall forthwith be delivered to the board of regents.

"L"

A BILL FOR

An Act relating to the composition and powers of the state board of health and to provide for the appointment of a commissioner of public health and to repeal and amend certain sections of the Code relating thereto.

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

Section 1. Section one hundred thirty-six point one (136.1), Code 1954, is ~~repealed~~ repealed effective June 30, 1957 and the following enacted in lieu thereof:

"The state board of health shall consist of the following:

1. Four physicians holding the degree of Doctor of Medicine and licensed to practice medicine and surgery in this state.
2. One osteopathic physician licensed to practice osteopathy or osteopathy and surgery in this state.
3. One dentist licensed to practice dentistry in this state.
4. One pharmacist licensed to practice pharmacy in this state.
5. One registered nurse licensed to practice nursing in this state.
6. One veterinarian licensed to practice veterinary medicine in this state.
7. One sanitary engineer.
8. One hospital administrator.
9. The commissioner of health, who shall be nonvoting exofficio member".

Sec. 2. Section one hundred thirty-six point two (136.2), Code 1954, is repealed and the following enacted in lieu thereof:

"Within ninety (90) days after the convening of the general assembly in 1957, the governor shall appoint the eleven members of the state board of health from lists of nominees submitted by each of the respective state associations, if any, containing the names of at least three persons for every member to be appointed to the state board of health from the particular professions. Three of the members of said board shall be appointed for a term of two years, four for a term of four years and four members for a term of six years. Biennially thereafter, the governor shall in like manner appoint successors of like qualifications to fill the vacancies occurring in said board by reason of the expiration

of the terms of service as herein provided and the persons so appointed shall hold their respective offices for a term of six years, and until their successors are appointed and qualified. Upon the appointment of the persons provided for in this section, the secretary of the state shall be notified thereof and he shall issue to each of them a certificate of appointment. The appointees shall each take office July 1 following their appointment and shall subscribe to the oath of office prescribed by law for state officers. The original board shall immediately organize by electing a president who shall serve until the January 1958 meeting of the board. It shall be the duty of the governor to fill all vacancies in unexpired terms which may occur in the board in the manner heretofore prescribed.

Sec. 3. Section one hundred thirty-six point three (136.3), subsection three (3), Code 1954 is repealed and the following enacted in lieu thereof:

"Establish policies of the department relative to any duty imposed upon it by law".

Sec. 4. Section one hundred thirty-six point five (136.5), Code 1954, is repealed and the following enacted in lieu thereof:

"The state board of health shall hold at least six regular meetings each year, the first of which shall be held in the month of January. Special meetings of the board may be called by the president or by any five members of the board on ten days' written notice given to each member. A majority of the appointive members of the board shall constitute a quorum".

Sec. 5. Section one hundred thirty-six point seven (136.7), Code 1954, is hereby amended by striking in lieu thereof the word "January".

Sec. 6. Section one hundred thirty-six point nine (136.9), Code 1954, is hereby amended by adding after the word "traveling" in line three (3) the words "and necessary".

Sec. 7. Section one hundred thirty-five point two (135.2), Code 1954, is repealed and the following enacted in lieu thereof:

"Within sixty days after convening of the general assembly in the year in which the commissioner's term will expire, the state board of health shall appoint, with the consent of two-thirds of the senate in executive session, a commissioner of public health who shall be licensed to practice medicine and surgery in the state of Iowa. The original board appointed under this Act shall appoint a commissioner at its first meeting whose term shall expire June 30, 1959. No member of the board of health shall be eligible for appointment as commissioner of health during the term for which the member was appointed.

Sec. 8. Section one hundred thirty-five point five (135.5), Code 1954, is hereby amended by striking from lines five (5) and

eight (8), the word "governor" and inserting in lieu thereof the words "state board of health".

Sec. 9. Section one hundred thirty-five point eleven (135.11), Code 1954, is hereby amended by striking from line three (3), the colon (:), and by inserting after the word "shall", the words "pursuant to the policies established by the state board of health:".

Sec. 10. ~~Publication clause.~~

"M"

A BILL FOR

An Act relating to printing of documents by divisions of the state department of health.

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

Section 1. Section one hundred thirty-five point eleven (135.11), Code 1954, is hereby amended by adding a new subsection as follows:

"Exercise general supervision over printing of documents by divisions of the department and approve or disapprove such publications."

"N"

A BILL FOR

An Act relating to the superintendents of the Woodward state hospital and school and the Glenwood state school.

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

Section 1. Section two hundred twenty-three point two (223.2), Code 1954, is hereby repealed and the following enacted in lieu thereof:

"The board of control shall appoint superintendents for the hospitals who shall receive such salaries as the board shall determine."

A BILL FOR

An Act relating to the inspection of county and private institutions for the care of mentally ill persons.

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

Section 1. Section two hundred twenty-seven point one (227.1), Code 1954, is hereby amended by striking from line two (2) the words "insane persons" and inserting in lieu thereof the words "mentally ill persons".

Sec. 2. Section two hundred twenty-seven point two (227.2), Code 1954, is hereby amended by striking all of lines one (1) to forty-four (44), inclusive.

Further amend said section by striking from line forty-five (45) the words "In addition to the aforesaid inspections,".

Sec. 3. Section two hundred twenty-seven point six (227.6), Code 1954, is hereby amended by striking from lines three (3) and seven (7) the word "insane" and inserting in lieu thereof the words "mentally ill".

Sec. 4. Section two hundred twenty-seven point ten (227.10), Code 1954, is hereby amended by striking from line three (3) the word "insanity" and inserting in lieu thereof the words "mental illness".

Further amend said section by striking from line five (5) the word "insane" and inserting in lieu thereof the words "mentally ill".

Sec. 5. Section two hundred twenty-seven point eleven (227.11), Code 1954, is hereby amended by striking from lines three (3), five (5) and twelve (12) the word "insane" and inserting in lieu thereof the words "mentally ill".

Further amend said section by striking from line eight (8) the word "insanity" and inserting in lieu thereof the words "mental illness".

Sec. 6. Section two hundred twenty-seven point fourteen (227.14), Code 1954, is hereby amended by striking from lines two (2) and six (6) the word "insane" and inserting in lieu thereof the words "mentally ill".

Sec. 7. Section two hundred twenty-seven point fifteen (227.15), Code 1954, is hereby amended by striking from line five (5) the word "insane" and inserting in lieu thereof the words "mentally ill".

Sec. 8. Section two hundred twenty-seven point sixteen (227.16), Code 1954, is hereby amended by striking from line three (3) the word "insane" and inserting in lieu thereof the words "mentally ill".

"p"

A BILL FOR

An Act relating to transfer of inmates of the Woodward state hospital and school and the Glenwood state school.

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

Section 1. Section two hundred twenty-three point eight (223.8), Code 1954, is hereby amended by adding the following:

"Inmates of said hospitals and schools may be transferred by the board to the county homes of the counties of their residences."

"Q"

A BILL FOR

An Act to remove the two-year previous residence requirement for employees of the state board of social welfare.

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

Section 1. Section two hundred thirty-four point eight (234.8), Code 1954, is hereby amended by striking from lines two (2) to four (4), inclusive, the words, "shall have been residents of the state of Iowa for at least two years immediately preceding their employment and".

"R"

A BILL FOR

An Act relating to the transfer by the parole board of  
prisoners from institutions under the board of control.

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

Section 1. Section two hundred forty-seven point five  
(247.5), Code 1954, is hereby amended by adding thereto the  
following:

"The board of parole may transfer any prisoner under its  
jurisdiction from any institution supervised by the board of  
control to any other institution under said control board."

"S"

A BILL FOR

An Act relating to employment of prisoners paroled from penal institutions.

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

Section 1. Section two hundred forty-seven point eight (247.8), Code 1954, is hereby amended by striking from lines four (4) and five (5) the words, "for at least six months".

A BILL FOR

An Act relating to the publication, sale and distribution of statutes and departmental rules.

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

Section 1. Section fourteen point three (14.3), Code 1954, is hereby amended by inserting in line three (3) of subsection seven (7) after the word "printing," the following:

"in each year in which a Code is published,".

Further amend said subsection by striking from lines three (3) and four (4) the words "in each even-numbered year".

Sec. 2. Section one (1) of chapter fifty-two (52), Acts of the Fifty-sixth General Assembly is hereby amended by striking from line three (3) the words "In lieu of biennial publication of said volume".

Further amend said section by inserting in line five (5) after the word "volume" the words "and a place shall be provided in the binding of said volume for insertion of such supplements."

Sec. 3. Section seventeen point twenty-one (17.21), Code 1954, is hereby amended by inserting in line one (1) after the word "code," the following:

"Iowa departmental rules,".

Sec. 4. Section seventeen point twenty-two (17.22), Code 1954, is hereby amended by striking from lines two (2) and three (3) the words "and fixed by the state printing board" and inserting in lieu thereof the words "by dividing the total cost only, of printing, binding and paper stock by the total number printed of each edition."

Further amend said section by inserting in line four (4) after the word "Code" the words "and Iowa departmental rules".

Further amend said section by adding at the end thereof the following:

"The Iowa departmental rules shall be distributed with each order for purchase of the Code and the price set for the Code and departmental rules as provided above shall include the cost of both the Code and departmental rules. The departmental rules may also be distributed separately."

"8"

A BILL FOR

An Act relating to the sale and distribution of state publications.

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

Section 1. Section sixteen point two (16.2), Code 1954, is hereby amended by inserting in line three (3) of subsection seven (7) after the word "sections," the following:

"publications containing reprints of statutes or departmental rules, or both, reports of state departments,".

Sec. 2. Section seventeen point twenty-seven (17.27), Code 1954, is hereby amended by adding the following:

"When such publications contain reprints of statutes or departmental rules, or both, they shall be sold and distributed at cost by the department ordering same. Such publications shall be obtained from the superintendent of printing on requisition by the department and the selling price shall be determined by the printing board by dividing the total cost of printing, paper and binding by the number printed. Said price shall be set at the nearest multiple of ten to the quotient thus obtained. Distribution of such publications shall be made by the superintendent of printing gratis to public officers and departments. Funds from the sale of such publications shall be deposited monthly in the general fund of the state."

Sec. 3. Section seventeen point twenty-three (17.23), Code 1954, is hereby amended by striking from line two (2) the words "is hereby authorized to" and inserting in lieu thereof the word "shall".

"v"

A BILL FOR

An Act relating to the term of the superintendent of printing.

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

Section 1. Section sixteen point one (16.1), Code 1954, is hereby amended by striking the last sentence thereof and inserting in lieu thereof the following:

"The term of said superintendent shall be for two years beginning July 1 of each odd-numbered year."