

House File 844

H-1355

1 Amend House File 844 as follows:

2 1. By striking page 41, line 25, through page 42, line 1,
3 and inserting:

4 <Sec. _____. NEW SECTION. **490.209 Foreign-trade zone**
5 **corporation.**

6 A domestic corporation may be incorporated or organized
7 under the laws of this state, and a foreign corporation may be
8 registered or authorized to transact business in this state,
9 for the purpose of establishing, operating, and maintaining
10 a foreign-trade zone as defined in 19 U.S.C. §81(a). The
11 domestic or foreign corporation must maintain its principal
12 place of business in this state. The domestic or foreign
13 corporation described in this section has all powers necessary
14 or convenient for applying for a grant of authority to
15 establish, operate, and maintain a foreign-trade zone under
16 19 U.S.C. §81(a) et seq., and regulations promulgated under
17 that law, and for establishing, operating, and maintaining a
18 foreign-trade zone pursuant to that grant of authority.>

19 2. Page 67, by striking lines 1 through 3 and inserting:

20 <Sec. _____. Section 490.702, subsections 1 through 4, Code
21 2021, are amended by striking the subsections and inserting in
22 lieu thereof the following:>

23 3. Page 68, by striking lines 11 through 24 and inserting:

24 <Sec. _____. Section 490.702, subsection 5, Code 2021, is
25 amended to read as follows:

26 5. Notwithstanding subsections 1 through 4, a public
27 corporation that has a class of equity securities registered
28 pursuant to section 12 of the federal Securities Exchange Act
29 of 1934 is required to hold a special meeting only upon the
30 occurrence of ~~either~~ any of the following:

31 a. On call of its board of directors or the person or
32 persons authorized to call a special meeting by the articles of
33 incorporation or bylaws.

34 b. If the holders of at least fifty percent of all the votes
35 entitled to be cast on any issue proposed to be considered at

1 the proposed special meeting sign, date, and deliver to the
2 corporation's secretary one or more written demands for the
3 meeting describing the purpose or purposes for which it is to
4 be held.>

5 4. Page 131, by striking lines 20 through 22 and inserting:
6 <Sec. ____ . NEW SECTION. **490.901A Subchapter definitions.**>

7 5. Page 237, after line 18 by inserting:

8 <Sec. ____ . Section 490.1701, Code 2021, is amended by
9 striking the section and inserting in lieu thereof the
10 following:

11 **490.1701 Application of subchapter — definitions.**

12 1. If a corporation elects to become a benefit corporation
13 under this subchapter in the manner prescribed in this
14 subchapter, it is subject in all respects to the provisions
15 of this chapter, except to the extent this subchapter imposes
16 additional or different requirements, in which case such
17 requirements apply. The inclusion of a provision in this
18 subchapter does not imply that a contrary or different rule of
19 law applies to a corporation that is not a benefit corporation.
20 This subchapter does not affect a statute or rule of law that
21 applies to a corporation that is not a benefit corporation.

22 2. As used in this subchapter:

23 *a. "Benefit corporation"* means a corporation that includes
24 in its articles of incorporation a statement that the
25 corporation is subject to this subchapter.

26 *b. "Public benefit"* means a positive effect, or reduction of
27 negative effects, on one or more communities or categories of
28 persons or entities, other than shareholders solely in their
29 capacity as shareholders, or on the environment, including
30 effects of an artistic, charitable, economic, educational,
31 cultural, literary, medical, religious, social, ecological, or
32 scientific nature.

33 *c. "Public benefit provision"* means a provision in the
34 articles of incorporation which states that the corporation
35 shall pursue one or more identified public benefits.

1 *d. "Responsible and sustainable manner"* means a manner that
2 does all of the following:

3 (1) Pursues through the business of the corporation the
4 creation of a positive effect on society and the environment,
5 taken as a whole, that is material taking into consideration
6 the corporation's size and the nature of its business.

7 (2) Considers, in addition to the interests of
8 shareholders, the interests of stakeholders known to be
9 affected by the conduct of the business of the corporation.

10 Sec. _____. Section 490.1702, Code 2021, is amended by
11 striking the section and inserting in lieu thereof the
12 following:

13 **490.1702 Name — share certificates.**

14 1. The name of a benefit corporation may contain the
15 words "benefit corporation", the abbreviation "B.C.", or the
16 designation "BC", any of which shall be deemed to satisfy the
17 requirements of section 490.401, subsection 1, paragraph "a".

18 2. Any share certificate issued by a benefit corporation,
19 and any information statement delivered by a benefit
20 corporation pursuant to section 490.626, subsection 2,
21 must note conspicuously that the corporation is a benefit
22 corporation subject to this subchapter.

23 Sec. _____. Section 490.1703, Code 2021, is amended by
24 striking the section and inserting in lieu thereof the
25 following:

26 **490.1703 Certain amendments and transactions — votes**
27 **required.**

28 1. Unless the articles of incorporation or bylaws require
29 a greater vote, the approval of at least two-thirds of the
30 voting power of the outstanding shares of the corporation
31 entitled to vote thereon, and, if any class or series of shares
32 is entitled to vote as a separate group on any such amendment
33 or transaction, the approval of at least two-thirds of the
34 outstanding shares of each such separate voting group entitled
35 to vote thereon, shall be required for a corporation that is

1 not a benefit corporation to do any of the following:

2 *a.* Amend its articles of incorporation to include a
3 statement that it is subject to this subchapter.

4 *b.* Merge with or into, or enter into a share exchange with,
5 another entity, or effect a domestication or conversion, if,
6 as a result of the merger, share exchange, domestication, or
7 conversion, the shares of any voting group would become, or be
8 converted into or exchanged for the right to receive, shares
9 of a benefit corporation or shares or interests in an entity
10 subject to provisions of organic law analogous to those in
11 this subchapter; provided, however, that in the case of this
12 paragraph "b", if the shares of one or more, but not all,
13 voting groups are so affected, then only the shares in the
14 voting groups so affected shall be entitled to vote under this
15 subsection.

16 2. Unless the articles of incorporation or bylaws require a
17 greater vote, the approval of at least two-thirds of the voting
18 power of the outstanding shares of the corporation entitled
19 to vote thereon and, if any class or series of shares is
20 entitled to vote as a separate group on any such amendment or
21 transaction, the approval of at least two-thirds of the voting
22 power of the outstanding shares of each such separate voting
23 group, shall be required for a benefit corporation to do any
24 of the following:

25 *a.* Amend its articles of incorporation to eliminate a
26 statement that the corporation is subject to this subchapter.

27 *b.* Merge with or into, or enter into a share exchange with,
28 another entity, or effect a domestication or conversion if,
29 as a result of the merger, share exchange, domestication, or
30 conversion, the shares of any voting group would become, or be
31 converted into or exchanged for the right to receive, shares or
32 interests in an entity that is neither a benefit corporation
33 nor an entity subject to provisions of organic law analogous to
34 those in this subchapter; provided, however, that in the case
35 of this paragraph "b", if the shares of one or more, but not

1 all, voting groups are so affected, then only the shares in the
2 voting groups so affected shall be entitled to vote under this
3 subsection.

4 3. The vote required under subsections 1 and 2 is in
5 addition to any vote otherwise required under this chapter.

6 Sec. ____ . NEW SECTION. **490.1704 Duties of directors.**

7 1. Each member of the board of directors of a benefit
8 corporation, when discharging the duties of a director, shall
9 act according to all of the following:

- 10 a. In a responsible and sustainable manner.
- 11 b. In a manner that pursues the public benefit or benefits
12 identified in any public benefit provision.

13 2. In fulfilling the duties under subsection 1, a director
14 shall consider, to the extent affected, in addition to the
15 interests of shareholders generally, the separate interests
16 of stakeholders known to be affected by the business of the
17 corporation including all of the following:

- 18 a. The employees and workforces of the corporation, its
19 subsidiaries, and its suppliers.
- 20 b. Customers.
- 21 c. Communities or society, including those of each community
22 in which offices or facilities of the corporation, its
23 subsidiaries, or its suppliers are located.
- 24 d. The local and global environment.

25 3. A director of a benefit corporation shall not, by virtue
26 of the duties imposed by subsections 1 and 2, owe any duty to a
27 person other than the benefit corporation due to any interest
28 of the person in the status of the corporation as a benefit
29 corporation or in any public benefit provision.

30 4. Unless otherwise provided in the articles of
31 incorporation, the violation by a director of the duties
32 imposed by subsections 1 and 2 shall not constitute an
33 intentional infliction of harm on the corporation or the
34 shareholders for the purposes of sections 490.202, subsection
35 2, paragraphs "d" and "e".

1 Sec. ____ . NEW SECTION. **490.1705 Annual benefit report.**

2 1. No less than annually, a benefit corporation shall
3 prepare a benefit report addressing the efforts of the
4 corporation during the preceding year to operate in a
5 responsible and sustainable manner, to pursue any public
6 benefit or benefits identified in any public benefit provision,
7 and to consider the interests described in section 490.1704,
8 subsection 2. The annual benefit report must include all of
9 the following:

10 *a.* The objectives that the board of directors has
11 established for the corporation to operate in a responsible and
12 sustainable manner, to pursue any public benefit or benefits
13 identified in any public benefit provision, and to consider the
14 interests described in section 490.1704, subsection 2.

15 *b.* The standards the board of directors has adopted
16 to measure the corporation's progress in operating in a
17 responsible and sustainable manner, in pursuing the public
18 benefit or benefits identified in any public benefit provision,
19 and in considering the interests described in section 490.1704,
20 subsection 2.

21 *c.* If the articles of incorporation or bylaws require
22 that the corporation use an independent third-party standard
23 in reporting on the corporation's progress in operating in a
24 responsible and sustainable manner, in pursuing any public
25 benefit or benefits identified in any public benefit provision,
26 or in considering the interests described in section 490.1704,
27 subsection 2, or if the board of directors has chosen to use
28 such a standard, the applicable standard so required or chosen.

29 *d.* An assessment of the corporation's success in meeting
30 the objectives and standards identified in paragraphs "a" and
31 "b", and, if applicable, paragraph "c", and the basis for that
32 assessment.

33 2. The benefit corporation shall deliver to each
34 shareholder, or make available and provide written notice to
35 each shareholder of the availability of, the annual benefit

1 report required by subsection 1 on or before the earlier of the
2 following:

3 *a.* One hundred twenty days following the end of the fiscal
4 year of the benefit corporation.

5 *b.* The time that the benefit corporation delivers any
6 other annual reports or annual financial statements to its
7 shareholders.

8 3. Any shareholder that has not received or been given
9 access to an annual benefit report within the time required by
10 subsection 2 may make a written request that the corporation
11 deliver or make available the annual benefit report to the
12 shareholder. If a benefit corporation does not deliver or make
13 available an annual benefit report to the shareholder within
14 five business days of receiving such request, the requesting
15 shareholder may apply to the district court of the county
16 where the corporation's principal office or, if none in this
17 state, its registered office, is located for an order requiring
18 delivery of or access to the annual benefit report. The court
19 shall dispose of an action under this subsection 3 on an
20 expedited basis.

21 4. A benefit corporation shall post all of its annual
22 benefit reports on the public portion of its internet site,
23 if any. If a benefit corporation does not have an internet
24 site, the benefit corporation shall provide a copy of its most
25 recent annual benefit report, without charge, to any person
26 that requests a copy in writing.

27 Sec. ____ . NEW SECTION. **490.1706 Rights of action.**

28 1. Except in a proceeding authorized under section
29 490.1705, subsection 3, or this section, no person other
30 than the corporation, or a shareholder in the right of the
31 corporation pursuant to subsection 2, may bring an action
32 or assert a claim with respect to the violation of any duty
33 applicable to a benefit corporation or any of its directors
34 under this subchapter.

35 2. Except for a proceeding brought under section 490.1705,

1 subsection 3, a proceeding by a shareholder of a benefit
2 corporation claiming violation of any duty applicable to
3 a benefit corporation or any of its directors under this
4 subchapter is subject to all of the following:

5 a. The proceeding must be brought in a derivative proceeding
6 pursuant to subchapter VII, part 4.

7 b. The proceeding may be brought only by a shareholder
8 of the benefit corporation that at the time of the act or
9 omission complained of either individually, or together with
10 other shareholders bringing such action collectively, owned
11 directly or indirectly at least five percent of a class of
12 the corporation's outstanding shares or, in the case of a
13 corporation with shares traded on an organized market as
14 described in section 490.1302, subsection 2, paragraph "a",
15 subparagraph (2), either that percentage of shares or shares
16 with a market value of at least five million dollars at the
17 time the proceeding is commenced.

18 3. A suit under subsection 2 shall not be maintained if,
19 during the pendency of the suit, the shareholder individually
20 fails, or the shareholders collectively fail, to continue to
21 own directly or indirectly the lesser of the number of shares
22 owned at the time the proceeding is commenced or five percent
23 of a class of the corporation's shares.>

24 6. Page 237, by striking lines 19 through 22 and inserting:

25 <Sec. ____ . NEW SECTION. 490.1801 Application to existing
26 domestic corporations.>

27 7. By striking page 239, line 33, through page 240, line 1,
28 and inserting:

29 <Sec. ____ . NEW SECTION. 490.1802 Application to existing
30 foreign corporations.>

31 8. Page 240, by striking lines 7 through 10 and inserting:

32 <Sec. ____ . NEW SECTION. 490.1803 Savings provisions.>

33 9. Page 240, line 27, by striking <490.1704> and inserting
34 <490.1804>

35 10. Page 241, after line 5 by inserting:

1 <____. Section 490.901A, as enacted in this division of this
2 Act, to section 490.901.>

3 11. Page 243, line 4, by striking <490.1704> and inserting
4 <490.1706>

5 12. Page 243, after line 4 by inserting:

6 <18. Subchapter XVIII, including sections 490.1801 through
7 490.1804.>

8 13. Page 244, after line 14 by inserting:

9 <Sec. _____. Section 496C.14, subsection 5, Code 2021, is
10 amended to read as follows:

11 5. Notwithstanding **subsections 1 through 4**, purchase by
12 the corporation is not required upon the occurrence of any
13 event other than death of a shareholder if the corporation
14 is dissolved or voluntarily elects to adopt the provisions
15 of the Iowa business corporation Act, as provided in section
16 ~~490.1701~~ **490.1801**, subsection 2, within sixty days after the
17 occurrence of the event. The articles of incorporation or
18 bylaws may provide that purchase is not required upon the death
19 of a shareholder if the corporation is dissolved within sixty
20 days after the death. Notwithstanding **subsections 1 through 4**,
21 purchase by the corporation is not required upon the death of a
22 shareholder if the corporation voluntarily elects to adopt the
23 provisions of the Iowa business corporation Act, as provided
24 in **section ~~490.1701~~ 490.1801, subsection 2**, within sixty days
25 after death.

26 Sec. _____. Section 496C.19, Code 2021, is amended to read as
27 follows:

28 **496C.19 Dissolution or liquidation.**

29 Violation of any provision of **this chapter** by a professional
30 corporation or any of its shareholders, directors, or officers
31 shall be cause for its involuntary dissolution, or liquidation
32 of its assets and business by the district court, as provided
33 in the Iowa business corporation Act, **chapter 490**. Upon the
34 death of the last remaining shareholder of a professional
35 corporation, or whenever the last remaining shareholder is not

1 licensed or ceases to be licensed to practice in this state a
2 profession which the corporation is authorized to practice,
3 or whenever any person other than the shareholder of record
4 becomes entitled to have all shares of the last remaining
5 shareholder of the corporation transferred into that person's
6 name or to exercise voting rights, except as a proxy, with
7 respect to such shares, the corporation shall not practice
8 any profession and it shall either be promptly dissolved or
9 shall promptly elect to adopt the provisions of the Iowa
10 business corporation Act, as provided in section ~~490.1701~~
11 490.1801, subsection 2. However, if prior to such dissolution
12 all outstanding shares of the corporation are acquired by
13 one or more persons licensed to practice in this state a
14 profession which the corporation is authorized to practice,
15 the corporation need not be dissolved and may practice the
16 profession as provided in [this chapter](#).>

17 14. Page 245, after line 35 by inserting:

18 <Sec. _____. Section 515G.3, subsection 2, Code 2021, is
19 amended to read as follows:

20 2. A plan of conversion for an insurer organized on
21 the mutual plan under [chapter 491](#), shall also provide for
22 conversion to a stock company as follows: the insurer
23 organized on the mutual plan under [chapter 491](#) shall amend
24 its articles pursuant to [chapter 491](#) as necessary to become
25 a stock company, and shall immediately convert to a chapter
26 490 corporation as provided in ~~section 490.1701~~ [490.1801](#) upon
27 becoming a stock company.>

28 15. Page 246, by striking lines 2 through 4 and inserting:

29 <EFFECTIVE DATES

30 Sec. _____. EFFECTIVE DATE.

31 1. Except as provided in subsection 2, this division of this
32 Act takes effect January 1, 2022.

33 2. The following sections of this division of this Act,
34 being deemed of immediate importance, take effect upon
35 enactment:

1 a. The section of this division of this Act amending section
2 490.701.

3 b. The section of this division of this Act amending section
4 490.702, subsections 1 through 4.

5 c. The section of this division of this Act amending section
6 490.709.>

7 16. Page 253, after line 29 by inserting:

8 <PART ____
9 EFFECTIVE DATE>

10 17. Page 259, after line 8 by inserting:

11 <DIVISION ____
12 FOREIGN-TRADE ZONE CORPORATIONS

13 Sec. ____ . Section 490.901, Code 2021, is amended to read as
14 follows:

15 **490.901 Foreign-trade zone corporation.**

16 1. A domestic corporation may be incorporated or organized
17 under the laws of this state, and a foreign corporation may be
18 authorized or registered to transact business in this state,
19 for the purpose of establishing, operating, and maintaining
20 a foreign-trade zone as defined in 19 U.S.C. §81(a). The
21 domestic or foreign corporation must maintain its principal
22 place of business in this state. A The domestic or foreign
23 corporation organized for the purposes set forth in this
24 section described in this section has all powers necessary or
25 convenient for applying for a grant of authority to establish,
26 operate, and maintain a foreign-trade zone under 19 U.S.C.
27 §81(a) et seq., and regulations promulgated under that law, and
28 for establishing, operating, and maintaining a foreign-trade
29 zone pursuant to that grant of authority.

30 2. This section is repealed on January 1, 2022.

31 Sec. ____ . Section 491.36, Code 2021, is amended to read as
32 follows:

33 **491.36 Foreign-trade zone corporation.**

34 A domestic corporation may be incorporated or organized
35 under the laws of this state, and a foreign corporation may be

1 authorized or registered to transact business in this state,
2 for the purpose of establishing, operating, and maintaining a
3 foreign-trade zone as defined in 19 U.S.C. §81a. The domestic
4 or foreign corporation must maintain its principal place of
5 business in this state. A The domestic or foreign corporation
6 ~~organized for the purposes set forth in this section described~~
7 in this section has all powers necessary or convenient for
8 applying for a grant of authority to establish, operate, and
9 maintain a foreign-trade zone under the provisions of 19
10 U.S.C. §81a, et seq., and rules promulgated ~~thereunder~~ under
11 that law, and for establishing, operating, and maintaining a
12 foreign-trade zone pursuant to that grant of authority.

13 Sec. _____. NEW SECTION. 504.208 Foreign-trade zone
14 corporation.

15 A domestic corporation may be incorporated or organized
16 under the laws of this state, and a foreign corporation may be
17 authorized or registered to transact business in this state,
18 for the purpose of establishing, operating, and maintaining
19 a foreign-trade zone as defined in 19 U.S.C. §81(a). The
20 domestic or foreign corporation must maintain its principal
21 place of business in this state. The domestic or foreign
22 corporation described in this section has all powers necessary
23 or convenient for applying for a grant of authority to
24 establish, operate, and maintain a foreign-trade zone under
25 19 U.S.C. §81(a) et seq., and regulations promulgated under
26 that law, and for establishing, operating, and maintaining a
27 foreign-trade zone pursuant to that grant of authority.

28 Sec. _____. EFFECTIVE DATE. This division of this Act, being
29 deemed of immediate importance, takes effect upon enactment.>

30 18. By renumbering, redesignating, and correcting internal
31 references as necessary.