

Senate File 639 - Enrolled

Senate File 639

AN ACT

CREATING A SPECIALTY BUSINESS COURT, AND INCLUDING EFFECTIVE
DATE PROVISIONS.

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

Section 1. NEW SECTION. **602.6801 Establishment of business court.**

The supreme court shall establish and maintain a business court as authorized by the general assembly in this part.

Sec. 2. NEW SECTION. **602.6802 Purpose.**

The purpose of the business court is to expeditiously resolve complex commercial and business litigation through the court system.

Sec. 3. NEW SECTION. **602.6803 Jurisdiction.**

1. The business court shall have jurisdiction, concurrent with the district court, over cases where compensatory damages totaling two hundred thousand dollars or more are alleged, and cases that involve claims seeking primarily injunctive or declaratory relief, that meet at least one of the following conditions:

a. Arise from technology licensing agreements, including software and biotechnology licensing agreements, or any agreement involving the licensing of any intellectual property right, including patent rights.

b. Relate to the internal affairs of business entities, including corporations created under chapter 490 or 504, limited liability companies created under chapter 489, general partnerships created under chapter 486A, limited partnerships created under chapter 488, sole proprietorships, professional associations, real estate investment trusts, and joint ventures, including the rights or obligations between or among business participants, or the liability or indemnity of business participants, officers, directors, managers, trustees, or partners, among themselves or to the business entity.

c. Involve claims of breach of contract, fraud, misrepresentation, or statutory violations between businesses arising out of business transactions or relationships.

d. Is a shareholder derivative action or commercial class action.

e. Arise from commercial bank transactions.

f. Relate to trade secrets, or noncompete, nonsolicitation, or confidentiality agreements.

g. Involve commercial real property disputes other than residential landlord-tenant disputes and foreclosures.

h. Is a trade secret, antitrust, or securities-related action.

i. Involve business tort claims between or among two or more business entities or individuals as to their business or investment activities relating to contracts, transactions, or relationships between or among them.

2. The business court shall not have jurisdiction over any of the following:

a. A civil action brought by or against a governmental entity, unless the governmental entity invokes or consents to the jurisdiction of the business court.

b. Any claim in which a party seeks recovery of monetary damages for personal injury or death or any claim arising under section 714.16, chapter 633, or chapter 633A, unless all parties and a judge of the business court agree that the claim

may proceed in the business court.

c. Actions arising out of professional negligence unless the underlying claim alleges negligence in a transaction within the jurisdiction of the business court under this section.

Sec. 4. NEW SECTION. 602.6804 Initial filing — removal and remand — transfer and dismissal.

1. An action authorized in section 602.6803 may be filed in the business court. If the business court does not have subject matter jurisdiction over the action, or part of the action, the court shall, at the option of the party filing the action, do one of the following:

a. Transfer the action or part of the action to an appropriate district court.

b. Dismiss the action or part of the action without prejudice to the parties' rights.

c. Retain jurisdiction of the action not subject to the jurisdiction of the business court if the court has jurisdiction of a portion of the action.

2. A party to an action filed in a district court that is within the subject matter jurisdiction of the business court may file a motion to transfer the action to the business court in the district court where the action was initially filed. The motion to transfer shall be assigned to a business court judge to determine if the business court has subject matter jurisdiction. If the business court does not have jurisdiction of the action or part of the action, the action or part of the action shall remain in the district court where it was initially filed.

3. Removal of an action to the business court is not subject to rule of civil procedure 1.441.

Sec. 5. NEW SECTION. 602.6805 Appeals.

The procedure governing an appeal or original proceeding from the business court is the same as the procedure for an appeal or original proceeding from a district court.

Sec. 6. NEW SECTION. 602.6806 Composition of business court.

1. The business court shall consist of two judges.

2. *a.* On the effective date of this Act, the supreme court shall determine from among the judges then serving in

the existing business specialty court two judges to serve exclusively as full-time judges of the business court.

b. If fewer than two judges from the existing business specialty court seek appointment to serve as full-time judges of the business court, the remaining vacancy or vacancies shall be nominated and appointed as provided in chapter 46.

3. After the initial appointments under subsection 2, any vacancy on the business court shall be nominated and appointed as provided in chapter 46.

4. In addition to the judges appointed or designated under this section, the supreme court may assign as visiting judges of the business court district court judges and senior judges.

Sec. 7. NEW SECTION. 602.6807 Business court judge assigned to facilitate settlement conference.

The state court administrator or the administrator's designee shall assign one business court judge or visiting judge to preside over every action filed or transferred to the business court and a second business court judge or visiting judge to serve as a settlement conference judge.

Sec. 8. NEW SECTION. 602.6808 Salary — conditions of office.

1. A judge of the business court shall receive the annual salary set for a district judge under section 602.1501.

2. A judge of the business court shall be subject to retention election under chapter 46.

3. A judge of the business court shall be subject to disqualification under section 602.1606.

4. A judge of the business court shall be subject to the authority of the supreme court and the commission on judicial qualifications under article 2.

5. A judge of the business court shall be subject to impeachment under section 602.2201.

6. A judge of the business court shall be subject to the Iowa code of judicial conduct.

7. A judge of the business court may be assigned to the civil docket of a district court when the business court caseload permits, as determined by the supreme court.

Sec. 9. NEW SECTION. 602.6809 Jury practice and procedure.

1. A jury trial of the business court shall be held in a

county in which venue is proper under the Iowa rules of civil procedure.

2. Subject to subsection 1, a jury trial in an action removed to the business court shall be held in the county in which the action was originally filed.

3. Subject to subsection 1, a jury trial in an action filed initially in the business court shall be held in any county, as chosen by the plaintiff, in which the action could have been filed under the Iowa rules of civil procedure.

4. The parties and the judge of the business court may agree to hold the jury trial in any other county. However, a party shall not be required to agree to hold the jury trial in a different county.

5. The drawing of jury panels, selection of jurors, and other jury practice and procedure in the business court shall follow the standards for juries provided in chapter 607A.

6. Practice, procedure, rules of evidence, issuance of process and writs, and all other matters pertaining to the conduct of trials, hearings, and other business in the business court are governed by the laws and rules prescribed for district courts, unless otherwise provided under this part.

Sec. 10. NEW SECTION. 602.6810 Written opinions.

To facilitate the establishment of a coherent body of law, a judge of the business court shall issue a written opinion when deciding issues of law by order or judgment, unless any of the following apply:

1. The court has a well-developed body of law on the issue.
2. The court is applying the precedent on the issue.
3. Another opinion on the issue will not significantly contribute to the development of the law.

Sec. 11. NEW SECTION. 602.6811 Business court staff.

The state court administrator or the administrator's designee may appoint personnel necessary for the operation of the business court.

Sec. 12. NEW SECTION. 602.6812 Seal.

The seal of the business court is the same as that provided by law for a district court except the seal must contain the phrase "The Business Court of Iowa".

Sec. 13. NEW SECTION. 602.6813 Rules.

Subject to the provisions of this part, the supreme court shall promulgate rules for the jurisdiction and operation of the business court as the supreme court determines necessary, including rules providing for any of the following:

1. The timely and efficient transfer and remand of cases to and from the business court.

2. The assignment of cases to judges of the business court.

Sec. 14. NEW SECTION. 602.6814 Transition provision.

This part applies to civil actions described under section 602.6803 filed on or after the effective date of this Act. If an action described under section 602.6803 was pending in a district court before the effective date of this Act, the parties may agree to have the civil action transferred or removed to the business court in accordance with this part.

Sec. 15. REPORT. On or before January 1, 2029, the judicial branch shall submit a report to the general assembly on the performance of the business court established under section 602.6801, as enacted in this Act. The report must include but is not limited to all of the following:

1. The average number of days from filing to final disposition of business court cases.

2. A side-by-side comparison of the number of days from filing to final disposition of business court cases with the number of days from filing to final disposition of comparable commercial civil litigation on the district court docket.

3. The total number of cases filed in, transferred away from, dismissed from, or retained on the business court docket as provided in section 602.6804, as enacted in this Act.

4. A detailed accounting of all personnel costs, including judicial salaries, clerk support, and administrative overhead of the business court.

5. An estimate of the cost savings, if any, of district courts due to the operations of the business court.

6. The total amount of court fees collected for cases in the business court.

7. The percentage of time, if any, that business court judges spend on non-business-court civil litigation cases in district court.

8. Anonymized survey data from legal counsel and other

litigants regarding the perceived expertise, fairness, efficiency, and predictability of the business court.

9. The number and outcome of appeals of business court decisions compared to the general reversal rate for civil litigation case decisions.

Sec. 16. EFFECTIVE DATE. This Act takes effect September 1, 2026.

AMY SINCLAIR
President of the Senate

PAT GRASSLEY
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 639, Ninety-first General Assembly.

W. CHARLES SMITHSON
Secretary of the Senate

Approved _____, 2026

KIM REYNOLDS
Governor