

FEB 23 1972

HOUSE FILE 1273

Place On Calendar

By COMMITTEE ON COMMERCE

Passed House, Date 3-6-72 Passed Senate, Date 3-22-72  
Vote: Ayes 77 Nays 0 Vote: Ayes 41 Nays 1

Approved \_\_\_\_\_

*Passed House a/w Senate amendment  
3-23-72  
ayes 88, nays 1*

### A BILL FOR

1 An Act relating to regulation of advertising and selling  
2 courses of instruction.

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

4 Section 1. Section seven hundred thirteen A point three  
5 (713A.3), subsection nine (9), Code 1971, is amended by  
6 striking the subsection and inserting in lieu thereof the  
7 following:

8 9. Any school licensed under the provisions of sections  
9 one hundred fifty-seven point nine (157.9) or one hundred  
10 fifty-eight point eleven (158.11) of the Code.

#### EXPLANATION

11  
12 This bill requires that trade or vocational schools  
13 whether or not approved or accredited by any department  
14 or agency of any state or the federal government be subject  
15 to the provisions of law regulating advertising and sales  
16 of courses of instruction.

17 The bill exempts barber and cosmetology schools that  
18 are licensed by the state from the requirements of chapter  
19 713A.

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HOUSE CLIP SHEET  
Thursday, March 23, 1972

SENATE AMENDMENT TO HOUSE FILE 1273

1 Amend House File 1273, as amended and passed by the House, by  
2 adding the following new sections:

3 1. "Sec. \_\_\_\_\_. Section seven hundred thirteen A point one  
4 (713A.1), subsection two (2), Code 1971, is amended to read  
5 as follows:

6 2. Collect tuition or other charges in excess of one  
7 hundred fifty dollars ~~in-advance-of-the-actual-attendance~~  
8 ~~of-a-pupil-in-the-school,~~ or in the case of correspondence  
9 courses of study, in advance of the receipt and approval by  
10 the pupil of the first assignment or lesson of such course.  
11 Any contract providing for advance payment of more than one  
12 hundred fifty dollars shall be voidable on the part of the  
13 pupil or any person liable for the tuition provided for in  
14 the contract."

15 2. "Sec. \_\_\_\_\_. Section seven hundred thirteen A point two  
16 (713A.2), subsection one (1), Code 1971, is amended to read  
17 as follows:

18 1. A continuous corporate surety bond to the state of  
19 Iowa in the sum of ~~ten~~ fifty thousand dollars conditioned  
20 for the faithful performance of all contracts and agreements  
21 with students made by such person, firm, association, or  
22 corporation, or their salesmen; provided, however, that the  
23 aggregate liability of the surety for all breaches of the  
24 conditions of the bond shall, in no event, exceed the sum  
25 of said bond. The surety on the bond shall have the right  
26 to cancel said bond upon giving thirty days' written notice  
27 to the superintendent of public instruction and thereafter  
28 shall be relieved of liability for any breach of condition  
29 occurring after the effective date of said cancellation."

30 3. "Sec. \_\_\_\_\_. Chapter seven hundred thirteen A (713A),  
31 Code 1971, is amended by adding the following new section:

32 TRADE AND VOCATIONAL SCHOOLS--EXEMPTION--CONDITIONS.  
33 The provisions of this chapter shall not apply to trade or  
34 vocational schools if they meet either of the following  
35 conditions:

36 1. File a bond or a bond is filed on their behalf by  
37 a parent corporation with the superintendent of public  
38 instruction as required by subsection two (2) of section  
39 seven hundred thirteen A point two (713A.2) of the Code.

40 2. Filed an annual sworn statement, or such statement  
41 is filed on their behalf by a parent corporation, certified

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March 24, 1972

42 by a certified public accountant, showing all assets and  
43 liabilities of the trade or vocational school and the assets  
44 of a parent corporation. The statement shall show the trade  
45 or vocational school's net worth, or the net worth of the  
46 parent corporation, to be not less than five times the amount  
47 of the bond required by subsection two (2) of section seven  
48 hundred thirteen A point two (713A.2) of the Code. In the  
49 event that a parent corporation files such statement or  
50 its net worth is included therein to comply with this subsection,  
51 such parent corporation shall appoint a registered agent and  
52 otherwise be subject to subsection two (2) of section seven  
53 hundred thirteen A point two (713A.2) of the Code and shall be  
54 liable for the breach of any contract or agreement with  
55 students as well as liable for any fraud in connection there-  
56 with or for any violation of section seven hundred thirteen  
57 point twenty-four (713.24) of the Code by such trade or  
58 vocational school or any of its agents or salesmen."  
59 4. "Sec. \_\_\_\_\_. Section seven hundred thirteen A point five  
60 (713A.5), Code 1971, is hereby amended as follows:  
61 1. Violation of any of the provisions of this chapter  
62 shall be ~~a misdemeanor~~, punishable upon conviction by a fine  
63 not exceeding ~~one~~ five hundred dollars or ~~thirty-days~~ six  
64 months in jail, or both."

Received from the Senate and concurred in. (1376)  
March 23, 1972

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1 Amend the title to House File 1273 by inserting  
2 after the word "selling" the word "of".

Offered from the floor and adopted  
March 6, 1972 By UBAN of Black Hawk

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1 Amend the title to House File 1273 by inserting  
2 after the word "selling" the word "of".

Offered from the Floor and Adopted  
March 6, 1972 By UBAN of Black Hawk

SENATE CLIP SHEET  
Thursday, March 16, 1972

HOUSE FILE 1273

1 Amend House File 1273, as amended and passed by  
2 the House, by adding the following new sections:

3 1. "Sec. \_\_\_\_\_. Section seven hundred thirteen A  
4 point one (713A.1), subsection two (2), Code 1971,  
5 is amended to read as follows:

6 2. Collect tuition or other charges in excess  
7 of one hundred fifty dollars ~~in-advance-of-the~~  
8 ~~actual-attendance-of-a-pupil-in-the-school,-or~~  
9 in the case of correspondence courses of study,  
10 in advance of the receipt and approval by the  
11 pupil of the first assignment or lesson of such  
12 course. Any contract providing for advance  
13 payment of more than one hundred fifty dollars  
14 shall be voidable on the part of the pupil or any  
15 person liable for the tuition provided for in the  
16 contract."

17 2. "Sec. \_\_\_\_\_. Section seven hundred thirteen A  
18 point two (713A.2), subsection one (1), Code 1971,  
19 is amended to read as follows:

20 1. A continuous corporate surety bond to the  
21 state of Iowa in the sum of ~~ten~~ fifty thousand dol-  
22 lars conditioned for the faithful performance of  
23 all contracts and agreements with students made by  
24 such person, firm, association, or corporation, or  
25 their salesmen; provided, however, that the aggregate

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1 liability of the surety for all breaches of the  
2 conditions of the bond shall, in no event, exceed  
3 the sum of said bond. The surety on the bond  
4 shall have the right to cancel said bond upon  
5 giving thirty days' written notice to the super-  
6 intendent of public instruction and thereafter  
7 shall be relieved of liability for any breach of  
8 condition occurring after the effective date of  
9 said cancellation."

10 3. "Sec. \_\_\_\_\_. Chapter seven hundred thirteen  
11 A (713A), Code 1971, is amended by adding the fol-  
12 lowing new section:

13 TRADE AND VOCATIONAL SCHOOLS--EXEMPTION--  
14 CONDITIONS. The provisions of this chapter shall  
15 not apply to trade or vocational schools if they

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16 meet either of the following conditions:  
17 1. File a bond or a bond is filed on their  
18 behalf by a parent corporation with the super-  
19 intendent of public instruction as required by  
20 subsection two (2) of section seven hundred thirteen  
21 A point two (713A.2) of the Code.  
22 2. File an annual sworn statement, or such state-  
23 ment is filed on their behalf by a parent corporation,  
24 certified by a certified public accountant, showing  
25 all assets and liabilities of the trade or vocational

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1 school or the assets of a parent corporation. The  
2 statement shall show the trade or vocational school's  
3 net worth, or the net worth of the parent corporation,  
4 to be not less than five times the amount of the bond  
5 required by subsection two (2) of section seven hundred  
6 thirteen A point two (713A.2) of the Code."

Filed - *Adopted as amended 3/22/72* By DE KOSTER and ROBINSON  
March 15, 1972 (1105)

1 Amend the De Koster-Robinson amendment, filed March 15, 1972  
2 to House File 1273, as follows:  
3 1. Page 3, line 1, by striking the word "or" and inserting  
4 in lieu thereof the word "and".  
5 2. Page 3, line 6, by adding after the period the following  
6 new sentence:  
7 "In the event that a parent corporation files such statement  
8 or its net worth is included therein to comply with this  
9 subsection,  
10 such parent corporation shall appoint a registered agent and  
11 other-  
12 wise be subject to, subsection two (2) of section seven hundred  
13 thirteen A point two (713A.2) of the Code and shall be liable  
14 for the breach of any contract or agreement with students as  
15 well as liable for any fraud in connection therewith or for any  
16 violation of section seven hundred thirteen point twenty-four  
17 (713.24) of the Code by such trade or vocational school or any  
18 of its agents or salesmen."  
19 3. Page 3, after line 6, by adding the following new section:  
20 "Sec. \_\_\_\_ . Section seven hundred thirteen A point five  
21 (713.5), Code 1971, is hereby amended as follows:  
22 1. Violation of any of the provisions of this chapter shall  
23 be a ~~misdemeanor~~ punishable upon conviction by a fine not  
exceeding one five hundred dollars or thirty-days six months  
in jail, or both."

Filed - *Adopted 3/22/72*  
March 20, 1972

By DE KOSTER and ROBINSON

1 Amend House File 1273 by striking everything  
2 after the enacting clause and inserting in lieu there-  
3 of the following:  
4 "Section 1. Section seven hundred thirteen A  
5 point three (713A.3), subsection nine (9), Code 1971,  
6 is amended to read as follows:  
7 9. Trade or vocational schools approved or  
8 accredited by any department or agency of any state  
9 or the federal government, which have continuously  
10 operated and maintained an attendance center offering  
11 and providing courses of classroom instruction to  
12 regularly enrolled students in the state of Iowa for  
13 the last preceding five (5) years."

Filed . w. d. 3/22/72  
March 10, 1972

By DE KOSTER