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the Judiciary 3/22, Para 3/31

SENATE FILE **312**

By COMMITTEE ON JUDICIARY

Passed Senate, Date 3-12-71 Passed House, Date 4-12-71
Vote: Ayes 40 Nays 0 Vote: Ayes 96 Nays 0
Approved 4-26-71

A BILL FOR

1 An Act relating to the organization of corporations.
2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
3 Section 1. Section four hundred ninety-one point one
4 (491.1), Code 1971, is amended as follows:
5 491.1 WHO MAY INCORPORATE. Any number of persons may
6 become incorporated under this chapter prior to July 1, 1971,
7 for the transaction of any lawful business, but such incorpo-
8 ration confers no power or privilege not possessed by natural
9 persons, except as hereinafter provided. After July 1, 1971,
10 all domestic corporations shall be organized under chapter
11 496A only, except for corporations which are to become subject
12 to the provisions of one or more of the following chapters:
13 174, 176, 482, 499, 499A, 504A, 506, 508, 510, 512, 514, 515,
14 515A, 518, 518A, 519, 524, 533, and 534.

EXPLANATION

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16 The purpose of this bill is to require all new ordinary
17 business corporations to be organized under the Iowa Business
18 Corporation Act, Chapter 496A and to prohibit them from
19 organizing under the old corporation law which is Chapter 491
20 of the Code. In 1970, only two new corporations were organized
21 under Chapter 491, while 2,642 were organized under the new
22 law, Chapter 496A. Other states do not give incorporators a
23 choice of two corporation laws under which to organize, and
24 the comparative use made of the two laws in 1970 would seem
25 to be conclusive that there is no reason why ordinary business

1 corporations should still be permitted to organize under Chapter
2 491.

3 This bill will allow corporations of a specialized nature,
4 such as insurance corporations which are not eligible to use
5 Chapter 496A, to continue to use the old law.

6 This bill also allows any corporation operating under
7 Chapter 491 to continue to operate under its provisions.

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