

Judiciary 3/17 230 from 4/18 (3/10/77)

SENATE FILE 239

Judiciary
P. Hill, Chairperson
Ashcraft
Coleman

Reprinted 4/77

FILED MAR 16 1977

SENATE FILE 239

By KELLY

Passed Senate, Date 4-20-77 (8/11/77) Passed House, Date _____
Vote: Ayes 45 Nays 0 Vote: Ayes _____ Nays _____
Approved 7/5/77

A BILL FOR

1 An Act relating to nonprofit corporations.
2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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S.F. 239

S-3390 SENATE FILE 239

1 Amend Senate File 239 as follows:
2 1. Page 2, by striking lines 1 through 3 and
3 inserting in lieu thereof the following: "of chapters
4 474, 176, 482, 494, 494, 495, 496A, 497, 498, 499,
5 499A, 500, 503, 506, 508, 510, or 512, 514, 515, 518A,
6 519, 533, or 534 and state banks organized under
7 chapter 524. Such".

S-3390 FILED & ADOPTED (11/4) BY PHILIP B. HILL
APRIL 20, 1977

1 Section 1. Section five hundred four point three (504.3),
2 Code 1977, is amended to read as follows:

3 504.3 EXISTING CORPORATIONS--REINCORPORATION. Any
4 corporation not for pecuniary profit, incorporated in the
5 state prior to July 4, 1943, which may seek to reincorporate
6 or renew its corporate existence, shall proceed in the same
7 manner as provided in section ~~504.4~~ five hundred four point
8 eighteen (504.18) of the Code.

9 Sec. 2. Section five hundred four point eighteen (504.18),
10 Code 1977, is amended to read as follows:

11 504.18 REINCORPORATION ~~AFTER-EXPIRATION-OF-TERM.~~ The
12 trustees, directors, or members of any corporation organized
13 under this chapter may reincorporate the corporation, and
14 all the property and rights of the corporation shall vest
15 in the corporation as reincorporated. When the term of in-
16 corporation of a corporation organized under this chapter
17 has expired, but the organization has continued to act as
18 such corporation, the trustees, directors, or members thereof
19 of that corporation may reincorporate, and the property and
20 rights therein of the corporation shall vest in the
21 reincorporation for the use and benefit of all of the
22 shareholders in the original corporation. Any corporation
23 reincorporating on or after January 1, 1978, shall be governed
24 by the provisions of chapter five hundred four A (504A) of
25 the Code. The corporation shall reincorporate in the same
26 manner as though voluntarily electing to adopt the provisions
27 of chapter five hundred four A (504A) of the Code in accordance
28 with section five hundred four A point one hundred (504A.100)
29 of the Code pertaining to domestic corporations organized
30 under chapter five hundred four (504) of the Code.

31 Sec. 3. Section five hundred four A point one hundred
32 (504A.100), Code 1977, subsection one (1), is amended to read
33 as follows:

34 1. Except for this subsection, this chapter shall not
35 apply to or affect corporations subject to the provisions

1 of chapters 174, 176, 482, 491, 494, 495, 496A, 497, 498,
2 499, 499A, 500, 503, 506, 508, 510, 512, ~~544~~, 515, 518A, 519,
3 533 or 534 and state banks organized under chapter 524. Such
4 corporations shall continue to be governed by all laws of
5 this state heretofore applicable thereto and as the same may
6 hereafter be amended. This chapter shall not be construed
7 as in derogation of or as a limitation on the powers to which
8 such corporations may be entitled.

9 Sec. 4. Section five hundred four point seventeen (504.17),
10 Code 1977, is repealed.

11 Sec. 5. This Act is effective January 1, 1978.

12 EXPLANATION

13 The purpose of the bill is to require those corporations
14 organized under Chapter 504 to reincorporate under Chapter
15 504A, the modern corporation law, at the end of their current
16 term. This is to eliminate the dual regulations pertaining
17 to nonprofit corporations in Iowa.

18 Section 504A.100 identifies those chapters of the Code
19 dealing with various kinds of corporations, which are not
20 to be affected by Chapter 504A. Among those mentioned is
21 Chapter 514, pertaining generally to nonprofit prepaid medical,
22 hospital, pharmacy and similar services. The continued
23 reference to Chapter 514 in section 504A.100 has the effect
24 of preventing these organizations from the benefits of
25 operating under Chapter 504A's nonprofit corporate framework.
26 Section three of the bill would thus delete the reference
27 to Chapter 514.

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LSB 1242S
rn/rh/8A

1 Section 1. Section five hundred four point three (504.3),
2 Code 1977, is amended to read as follows:

3 504.3 EXISTING CORPORATIONS--REINCORPORATION. Any
4 corporation not for pecuniary profit, incorporated in the
5 state prior to July 4, 1943, which may seek to reincorporate
6 or renew its corporate existence, shall proceed in the same
7 manner as provided in section ~~504.4~~ five hundred four point
8 eighteen (504.18) of the Code.

9 Sec. 2. Section five hundred four point eighteen (504.18),
10 Code 1977, is amended to read as follows:

11 504.18 REINCORPORATION AFTER-EXPIRATION-OF-TERM. The
12 trustees, directors, or members of any corporation organized
13 under this chapter may reincorporate the corporation, and
14 all the property and rights of the corporation shall vest
15 in the corporation as reincorporated. When the term of in-
16 corporation of a corporation organized under this chapter
17 has expired, but the organization has continued to act as
18 such corporation, the trustees, directors, or members thereof
19 of that corporation may reincorporate, and the property and
20 rights therein of the corporation shall vest in the
21 reincorporation for the use and benefit of all of the
22 shareholders in the original corporation. Any corporation
23 reincorporating on or after January 1, 1978, shall be governed
24 by the provisions of chapter five hundred four A (504A) of
25 the Code. The corporation shall reincorporate in the same
26 manner as though voluntarily electing to adopt the provisions
27 of chapter five hundred four A (504A) of the Code in accordance
28 with section five hundred four A point one hundred (504A.100)
29 of the Code pertaining to domestic corporations organized
30 under chapter five hundred four (504) of the Code.

31 Sec. 3. Section five hundred four A point one hundred
32 (504A.100), Code 1977, subsection one (1), is amended to read
33 as follows:

34 1. Except for this subsection, this chapter shall not
35 apply to or affect corporations subject to the provisions

1 of chapters ~~474, 176, 482, 494, 494, 495, 496A, 497, 498,~~
2 ~~499, 499A, 500, 503, 506, 508, 510, or 512, 544, 545, 548A,~~
3 ~~549, 533, or 534 and state banks organized under chapter 524.~~

4 Such corporations shall continue to be governed by all laws
5 of this state heretofore applicable thereto and as the same
6 may hereafter be amended. This chapter shall not be construed
7 as in derogation of or as a limitation on the powers to which
8 such corporations may be entitled.

9 Sec. 4. Section five hundred four point seventeen (504.17),
10 Code 1977, is repealed.

11 Sec. 5. This Act is effective January 1, 1978.

12 EXPLANATION

13 The purpose of the bill is to require those corporations
14 organized under Chapter 504 to reincorporate under Chapter
15 504A, the modern corporation law, at the end of their current
16 term. This is to eliminate the dual regulations pertaining
17 to nonprofit corporations in Iowa.

18 Section 504A.100 identifies those chapters of the Code
19 dealing with various kinds of corporations, which are not
20 to be affected by Chapter 504A. Among those mentioned is
21 Chapter 514, pertaining generally to nonprofit prepaid medical,
22 nospital, pharmacy and similar services. The continued
23 reference to Chapter 514 in section 504A.100 has the effect
24 of preventing these organizations from the benefits of
25 operating under Chapter 504A's nonprofit corporate framework.
26 Section three of the bill would thus delete the reference
27 to Chapter 514.

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SF 239
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SENATE FILE 239

AN ACT

RELATING TO NONPROFIT CORPORATIONS.

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

Section 1. Section five hundred four point three (504.3), Code 1977, is amended to read as follows:

504.3 EXISTING CORPORATIONS--REINCORPORATION. Any corporation not for pecuniary profit, incorporated in the state prior to July 4, 1943, which may seek to reincorporate or renew its corporate existence, shall proceed in the same manner as provided in section ~~504.7~~ five hundred four point eighteen (504.18) of the Code.

Sec. 2. Section five hundred four point eighteen (504.18), Code 1977, is amended to read as follows:

504.18 REINCORPORATION AFTER EXPIRATION OF TERM. The trustees, directors, or members of any corporation organized under this chapter may reincorporate the corporation, and all the property and rights of the corporation shall vest in the corporation as reincorporated. When the term of incorporation of a corporation organized under this chapter has expired, but the organization has continued to act as such corporation, the trustees, directors, or members thereof of that corporation may reincorporate, and the property and rights therein of the corporation shall vest in the reincorporation for the use and benefit of all of the shareholders in the original corporation. Any corporation reincorporating on or after January 1, 1978, shall be governed by the provisions of chapter five hundred four A (504A) of the Code. The corporation shall reincorporate in the same manner as though voluntarily electing to adopt the provisions of chapter five hundred four A (504A) of the Code in accordance with section five hundred four A point one hundred (504A.100) of the Code pertaining to domestic corporations organized under chapter five hundred four (504) of the Code.

Sec. 3. Section five hundred four A point one hundred (504A.100), Code 1977, subsection one (1), is amended to read as follows:

1. Except for this subsection, this chapter shall not apply to or affect corporations subject to the provisions of chapters ~~474-476, 482-494, 494-495, 495A-497, 498, 499, 499A-500, 503-506, 506-508, 510, or 512-514, 515-518A, 519-523, or 534 and state banks organized under chapter 524.~~ Such corporations shall continue to be governed by all laws of this state heretofore applicable thereto and as the same may hereafter be amended. This chapter shall not be construed as in derogation of or as a limitation on the powers to which such corporations may be entitled.

Sec. 4. Section five hundred four point seventeen (504.17), Code 1977, is repealed.

Sec. 5. This Act is effective January 1, 1978.

ARTHUR A. NEU
President of the Senate

DALE M. COCHRAN
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 239, Sixty-seventh General Assembly.

STEVEN C. CROSS
Secretary of the Senate

Approved 8/5, 1977

ROBERT D. RAY
Governor