

JAN 23 1989

HOUSE FILE 98
BY SHERZAN

SMALL BUSINESS AND COMMERCE

Amend to DO pass 4-6-89 (p 1221)

Passed House, Date 2-6-89 (p.327) Passed Senate, Date 4-20-89 (p.156)

Vote: Ayes 12 Nays 0 Vote: Ayes 34 Nays 14

Approved _____

Repassed by House 4-28-89 (p.2147) Repassed Senate 5/1/89
Ayes 58 Nays 38
A BILL FOR

1 An Act relating to the establishment of bank offices within a
2 municipal corporation or urban complex in which the principal
3 place of business of the bank is located.

35693

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

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HF 98

34291 Section 1. Section 524.1202, subsection 2, paragraph a,
2 subparagraph (3), Code 1989, is amended to read as follows:

3 (3) If the municipal corporation or urban complex has a
4 population of more than two hundred thousand according to the
5 most recent federal census, the state bank shall not establish
6 more than ~~five~~ six bank offices.

35492
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EXPLANATION

8 This bill provides for an increase in the maximum number of
9 bank offices which may be authorized by the superintendent of
10 banking and established in a municipal corporation or an urban
11 complex with a population over two hundred thousand, as
12 measured by the most recent federal census, in which the
13 principal place of business of the bank is located.

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HOUSE FILE 98

-3569

1 Amend House File 98, as passed by the House, as
2 follows:

3 1. Page 1, by striking lines 1 and 2 and
4 inserting the following:
5 "Sec. ____ . Section 524.1202, subsection 2,
6 paragraph a, subparagraphs (1) through (3), Code 1989,
7 are amended to read as follows:

A 8 (1) If the municipal corporation or urban complex
9 has a population of one hundred thousand or less
10 according to the most recent federal census, the state
11 bank shall not establish more than three four bank
12 offices.

13 (2) If the municipal corporation or urban complex
14 has a population of more than one hundred thousand but
15 not more than two hundred thousand according to the
16 most recent federal census, the state bank shall not
17 establish more than four five bank offices."

18 2. Page 1, by inserting after line 6 the
19 following:

B 20 "Sec. ____ . NEW SECTION. 524.1213 UNITED
21 COMMUNITY BANK OFFICES.

22 1. A bank may convert to a united community bank
23 office as provided in this section.

24 2. A united community bank office formed under
25 this section shall have a united community bank office
26 board, at least one-half or more of the members of
27 which shall be residents of the county in which the
28 united community bank office is located. The
29 liability of the united community bank office board
30 shall be limited as provided in section 524.614. The
31 bank establishing and operating the united community
32 bank office may indemnify members of the united
33 community bank office board as agents of the bank in
34 the manner and in the instances authorized by section
35 496A.4A.

37 3. A bank may convert to a united community bank
38 office by merger or consolidation with one or more
39 other banks which are affiliates of the bank, as
40 defined in section 524.1101. The bank resulting from
41 the merger or consolidation may retain and operate as
42 its retained united community bank offices the
43 principal places of business of the affiliate banks
44 which are merged or consolidated into the resulting
45 bank, and may retain and operate as its retained bank
46 offices all bank offices of the affiliate banks which
47 are merged or consolidated into the resulting bank.
48 4. The resulting bank may establish bank offices
49 and facilities allowed by other sections of this
50 chapter to the same extent as if the merger or
consolidation had not occurred. Each united community

S-3569

Page 2

1 bank office may establish bank offices and facilities
2 allowed by other sections of this chapter to the same
3 extent as if the merger or consolidation had not
4 occurred and the united community bank office had
5 remained a bank.

B

6 5. Retained united community bank offices and
7 retained bank offices as provided in this section
8 shall be operated by the resulting bank in the same
9 manner as bank offices established under section
10 524.1201.

11 6. This section does not alter the limitations
12 upon bank holding companies contained in section
13 524.1802.

14 7. The privileges of this section are available on
15 the same conditions to national banks."

16 3. Title page, line 3, by inserting after the
17 word "located" the following: "and the formation of
18 united community bank offices".

By COMMITTEE ON COMMERCE
WILLIAM D. PALMER, Chairperson

S-3569 FILED APRIL 6, 1989

3569A - adopted 4-12-89 (#1391)
3569B - adopted 4-20-89 (#1576)

HOUSE FILE 98

S-3775

- 1 Amend the amendment, S-3569, to House File 98, as
2 passed by the House, as follows:
- 3 i. By striking page 1, line 36, through page 2,
4 line 15, and inserting the following:
- 5 "3. Any two or more state banks, national banks,
6 or state and national banks that are located in this
7 state, that are affiliates as defined in section
8 524.1101, and that individually have been in existence
9 and operated as banks continuously in this state for
10 at least five years, may be merged or consolidated
11 into a single state or national bank, and the
12 resulting entity shall be a "united community bank".
13 Subject to subsection 9, the resulting united
14 community bank of the merger or consolidation:
- 15 a. Shall retain and operate as its principal place
16 of business one of the principal places of business of
17 the banks that are the parties to the merger or
18 consolidation.
- 19 b. May retain and continue to operate as united
20 community bank offices of the resulting bank any of
21 the remaining principal places of business of the
22 banks that are the parties to the merger or
23 consolidation.
- 24 c. May retain and continue to operate as retained
25 bank offices of the resulting united community bank
26 any of the bank offices that are being operated as of
27 the date of the merger or consolidation by any of the
28 banks that are parties to the merger or consolidation.
- 29 d. May establish additional bank offices within
30 the municipal corporation or urban complex in which a
31 united community bank office referred to in paragraph
32 "b" is located, provided that the number of bank
33 offices of the resulting bank within that municipal
34 corporation or urban complex, including bank offices
35 retained under paragraph "c" and bank offices
36 established under the authority of this paragraph, but
37 excluding the united community bank office, shall not
38 exceed the maximum number of bank offices permitted by
39 section 524.1202, subsection 2, paragraph "a", for a
40 bank located within that municipal corporation or
41 urban complex.
- 42 e. May retain and continue to operate and may
43 establish in conjunction with the resulting bank, or
44 with any retained united community bank office, or
45 with any other retained bank office, any facility
46 authorized by section 524.1202, subsection 2,
47 paragraph "c" or "d", and in operation at the time of
48 the merger or consolidation or established after the
49 merger or consolidation.
- 50 f. May relocate any principal place of business

S-3775

Page 2

1 and any bank offices operated pursuant to this section
2 by complying with other provisions of law applicable
3 to relocation.

4 4. For purposes of subsection 3, the period of
5 existence and operation of a bank shall be deemed
6 continuous, notwithstanding any of the following:

7 a. Any direct or indirect change in the name,
8 ownership, or control of the bank.

9 b. Any rechartering of the bank, or any merger or
10 consolidation with one or more banks.

11 c. The bank acquired its initial assets and
12 liabilities from the federal deposit insurance
13 corporation, or other transferor, pursuant to a
14 purchase and assumption transaction or any other type
15 of transaction involving the transfer of ownership of
16 a failed bank or other bank.

17 5. All united community bank offices and other
18 bank offices retained by the resulting bank of a
19 merger or consolidation under the authority of this
20 section shall be deemed bank offices established under
21 the authority of section 524.1201 for all intents and
22 purposes of this chapter, except as is otherwise
23 expressly provided in this section.

24 6. This section does not alter the limitations
25 upon bank holding companies contained in section
26 524.1802.

27 7. This section shall be strictly construed as an
28 exception to the bank office limitations contained in
29 section 524.1202. It is the intent of the general
30 assembly that a court or regulatory agency shall not
31 deem, construe, or interpret this section to permit
32 statewide branch banking or to permit the
33 establishment of a bank office at any location in this
34 state unless specifically authorized by this section
35 or section 524.312 or 524.1202.

36 8. This section does not authorize the
37 establishment of a bank office or an integral facility
38 at any time by any bank except as a direct and
39 immediate consequence of a merger or consolidation of
40 two or more affiliated banks and as expressly
41 permitted by subsection 3. This section does not
42 authorize the resulting bank of a merger or
43 consolidation to establish or retain any united
44 community bank office, bank office, or integral
45 facility at any location other than those expressly
46 permitted by subsection 3, or to preserve any business
47 location acquired in the merger or consolidation for
48 subsequent use.

49 9. The resulting bank of a merger or consolidation
50 shall not retain any united community bank office or

S-3775

Page 3

1 any other bank office within the municipality or urban
2 complex in which the principal office of the resulting
3 bank is located if the resulting bank then would have
4 a greater number of bank offices within that
5 municipality or urban complex than is expressly
6 permitted by section 524.1202, subsection 2.

7 10. As used in this section, the term "bank" does
8 not include any entity unless it is chartered as a
9 state or national bank and is authorized by its bylaws
10 to, and actually does, accept deposits, pay checks,
11 and make commercial loans."

12 2. By renumbering as necessary.

By JACK RIFE

BERL E. PRIEBE

GEORGE R. KINLEY

S-3775 FILED APRIL 18, 1989

Adopted 4-20-89 (p1576)

SENATE AMENDMENT TO HOUSE FILE 98

H-4141

1 Amend House File 98, as passed by the House, as
2 follows:

3 1. Page 1, by striking lines 1 and 2 and
4 inserting the following:

5 "Sec. ____ . Section 524.1202, subsection 2,
6 paragraph a, subparagraphs (1) through (3), Code 1989,
7 are amended to read as follows:

8 (1) If the municipal corporation or urban complex
9 has a population of one hundred thousand or less
10 according to the most recent federal census, the state
11 bank shall not establish more than three four bank
12 offices.

13 (2) If the municipal corporation or urban complex
14 has a population of more than one hundred thousand but
15 not more than two hundred thousand according to the
16 most recent federal census, the state bank shall not
17 establish more than four five bank offices."

18 2. Page 1, by inserting after line 6 the
19 following:

20 "Sec. ____ . NEW SECTION. 524.1213 UNITED
21 COMMUNITY BANK OFFICES.

22 1. A bank may convert to a united community bank
23 office as provided in this section.

24 2. A united community bank office formed under
25 this section shall have a united community bank office
26 board, at least one-half or more of the members of
27 which shall be residents of the county in which the
28 united community bank office is located. The
29 liability of the united community bank office board
30 shall be limited as provided in section 524.614. The
31 bank establishing and operating the united community
32 bank office may indemnify members of the united
33 community bank office board as agents of the bank in
34 the manner and in the instances authorized by section
35 496A.4A.

36 3. Any two or more state banks, national banks, or
37 state and national banks that are located in this
38 state, that are affiliates as defined in section
39 524.1101, and that individually have been in existence
40 and operated as banks continuously in this state for
41 at least five years, may be merged or consolidated
42 into a single state or national bank, and the
43 resulting entity shall be a "united community bank".
44 Subject to subsection 9, the resulting united
45 community bank of the merger or consolidation:

46 a. Shall retain and operate as its principal place
47 of business one of the principal places of business of
48 the banks that are the parties to the merger or
49 consolidation.

50 b. May retain and continue to operate as united

H-4141

Page 2

1 community bank offices of the resulting bank any of
2 the remaining principal places of business of the
3 banks that are the parties to the merger or
4 consolidation.

5 c. May retain and continue to operate as retained
6 bank offices of the resulting united community bank
7 any of the bank offices that are being operated as of
8 the date of the merger or consolidation by any of the
9 banks that are parties to the merger or consolidation.

10 d. May establish additional bank offices within
11 the municipal corporation or urban complex in which a
12 united community bank office referred to in paragraph
13 "b" is located, provided that the number of bank
14 offices of the resulting bank within that municipal
15 corporation or urban complex, including bank offices
16 retained under paragraph "c" and bank offices
17 established under the authority of this paragraph, but
18 excluding the united community bank office, shall not
19 exceed the maximum number of bank offices permitted by
20 section 524.1202, subsection 2, paragraph "a", for a
21 bank located within that municipal corporation or
22 urban complex.

23 e. May retain and continue to operate and may
24 establish in conjunction with the resulting bank, or
25 with any retained united community bank office, or
26 with any other retained bank office, any facility
27 authorized by section 524.1202, subsection 2,
28 paragraph "c" or "d", and in operation at the time of
29 the merger or consolidation or established after the
30 merger or consolidation.

31 f. May relocate any principal place of business
32 and any bank offices operated pursuant to this section
33 by complying with other provisions of law applicable
34 to relocation.

35 4. For purposes of subsection 3, the period of
36 existence and operation of a bank shall be deemed
37 continuous, notwithstanding any of the following:

38 a. Any direct or indirect change in the name,
39 ownership, or control of the bank.

40 b. Any rechartering of the bank, or any merger or
41 consolidation with one or more banks.

42 c. The bank acquired its initial assets and
43 liabilities from the federal deposit insurance
44 corporation, or other transferor, pursuant to a
45 purchase and assumption transaction or any other type
46 of transaction involving the transfer of ownership of
47 a failed bank or other bank.

48 5. All united community bank offices and other
49 bank offices retained by the resulting bank of a
50 merger or consolidation under the authority of this

H-4141

Page 3

1 section shall be deemed bank offices established under
2 the authority of section 524.1201 for all intents and
3 purposes of this chapter, except as is otherwise
4 expressly provided in this section.

5 6. This section does not alter the limitations
6 upon bank holding companies contained in section
7 524.1802.

8 7. This section shall be strictly construed as an
9 exception to the bank office limitations contained in
10 section 524.1202. It is the intent of the general
11 assembly that a court or regulatory agency shall not
12 deem, construe, or interpret this section to permit
13 statewide branch banking or to permit the
14 establishment of a bank office at any location in this
15 state unless specifically authorized by this section
16 or section 524.312 or 524.1202.

17 8. This section does not authorize the
18 establishment of a bank office or an integral facility
19 at any time by any bank except as a direct and
20 immediate consequence of a merger or consolidation of
21 two or more affiliated banks and as expressly
22 permitted by subsection 3. This section does not
23 authorize the resulting bank of a merger or
24 consolidation to establish or retain any united
25 community bank office, bank office, or integral
26 facility at any location other than those expressly
27 permitted by subsection 3, or to preserve any business
28 location acquired in the merger or consolidation for
29 subsequent use.

30 9. The resulting bank of a merger or consolidation
31 shall not retain any united community bank office or
32 any other bank office within the municipality or urban
33 complex in which the principal office of the resulting
34 bank is located if the resulting bank then would have
35 a greater number of bank offices within that
36 municipality or urban complex than is expressly
37 permitted by section 524.1202, subsection 2.

38 10. As used in this section, the term "bank" does
39 not include any entity unless it is chartered as a
40 state or national bank and is authorized by its bylaws
41 to, and actually does, accept deposits, pay checks,
42 and make commercial loans."

43 3. Title page, line 3, by inserting after the
word "located" the following: "and the formation of
united community bank offices".

RECEIVED FROM THE SENATE

FILED APRIL 20, 1989

House Concurred 4-28-89 (p.2147)
Senate Concurred 5-1-89 (p.1793)

HOUSE FILE 98
AMENDMENT H-4141 TO HOUSE FILE 98
FISCAL NOTE

A fiscal note for AMENDMENT H-4141 TO HOUSE FILE 98 as passed by the House is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

Amendment H-4141 would allow an additional bank office, for a state bank, in a municipal corporation or urban complex with a population under 200,000. It would also provide for the creation of and limitations to united community bank offices.

FISCAL EFFECT: It is estimated that the creation of united community bank offices would result in a decrease of 50 banks in FY 1990 and 50 banks in FY 1991. The decrease would reduce the workload of the Banking Division and reduce expenditures by \$284,000 in FY 1990 and \$568,000 in FY 1991. This would also result in a reduction of approximately 24 FTE positions over the two year period.

Additionally, there may be some loss in franchise tax revenues as banks merge as united community bank offices. However, there is no estimate available as to the potential amount of lost tax revenue.

(Source: Banking Division
Department of Commerce)

(LSB 1620h, DPW)

FILED APRIL 26, 1989

BY DENNIS PROUTY, FISCAL DIRECTOR

HOUSE FILE 98

H-4296

1 Amend the Senate amendment, H-4141, to House File
2 98, as passed by the House, as follows:

3 1. Page 1, by inserting after line 4 the
4 following:

5 "Sec. ____ . NEW SECTION. 422.63A. UNITED
6 COMMUNITY BANK OFFICE FRANCHISE TAX TREATMENT.

7 A united community bank established pursuant to
8 section 524.1213 shall pay the franchise tax due under
9 this division on behalf of itself and its united
10 community bank offices in the same manner and on the
11 same basis as would have been paid if the merger or
12 consolidation authorized by section 524.1213 had not
4325-13 occurred. The department may adopt rules to implement
14 this section."

15 2. By renumbering as necessary.

By GRONINGA of Cerro Gordo

H-4296 FILED APRIL 27, 1989

Adopted 4-28-89 (p2147)

HOUSE FILE 98

H-4325

1 Amend the amendment H-4296, to the Senate
2 Amendment H-4141, to House File 98, as passed by
3 the House, as follows:

4 1. Page 1, line 13, by striking the word "may"
5 and inserting the word "shall".

By GRONINGA of Cerro Gordo

H-4325 FILED APRIL 28, 1989

ADOPTED BY UNANIMOUS CONSENT 4-28-89 (p2147)

HOUSE AMENDMENT TO SENATE AMENDMENT TO
HOUSE FILE 98

S-4022

1 Amend the Senate amendment, H-4141, to House File
2 98, as passed by the House, as follows:

3 1. Page 1, by inserting after line 4 the
4 following:

5 ""Sec. ____ . NEW SECTION. 422.63A. UNITED
6 COMMUNITY BANK OFFICE FRANCHISE TAX TREATMENT.

7 A united community bank established pursuant to
8 section 524.1213 shall pay the franchise tax due under
9 this division on behalf of itself and its united
10 community bank offices in the same manner and on the
11 same basis as would have been paid if the merger or
12 consolidation authorized by section 524.1213 had not
13 occurred. The department shall adopt rules to
14 implement this section."

15 2. By renumbering as necessary.

S-4022

ADOPTED

RECEIVED FROM THE HOUSE

HOUSE FILE 98

AN ACT

RELATING TO THE ESTABLISHMENT OF BANK OFFICES WITHIN A MUNICIPAL CORPORATION OR URBAN COMPLEX IN WHICH THE PRINCIPAL PLACE OF BUSINESS OF THE BANK IS LOCATED AND THE FORMATION OF UNITED COMMUNITY BANK OFFICES.

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

Section 1. NEW SECTION. 422.63A UNITED COMMUNITY BANK OFFICE FRANCHISE TAX TREATMENT.

A united community bank established pursuant to section 524.1213 shall pay the franchise tax due under this division on behalf of itself and its united community bank offices in the same manner and on the same basis as would have been paid if the merger or consolidation authorized by section 524.1213 had not occurred. The department shall adopt rules to implement this section.

Sec. 2. Section 524.1202, subsection 2, paragraph a, subparagraphs (1) through (3), Code 1989, are amended to read as follows:

(1) If the municipal corporation or urban complex has a population of one hundred thousand or less according to the most recent federal census, the state bank shall not establish more than three four bank offices.

(2) If the municipal corporation or urban complex has a population of more than one hundred thousand but not more than two hundred thousand according to the most recent federal census, the state bank shall not establish more than four five bank offices.

(3) If the municipal corporation or urban complex has a population of more than two hundred thousand according to the most recent federal census, the state bank shall not establish more than five six bank offices.

Sec. 3. NEW SECTION. 524.1213 UNITED COMMUNITY BANK OFFICES.

1. A bank may convert to a united community bank office as provided in this section.

2. A united community bank office formed under this section shall have a united community bank office board, at least one-half or more of the members of which shall be residents of the county in which the united community bank office is located. The liability of the united community bank office board shall be limited as provided in section 524.614. The bank establishing and operating the united community bank office may indemnify members of the united community bank office board as agents of the bank in the manner and in the instances authorized by section 496A.4A.

3. Any two or more state banks, national banks, or state and national banks that are located in this state, that are affiliates as defined in section 524.1101, and that individually have been in existence and operated as banks continuously in this state for at least five years, may be merged or consolidated into a single state or national bank, and the resulting entity shall be a "united community bank". Subject to subsection 9, the resulting united community bank of the merger or consolidation:

a. Shall retain and operate as its principal place of business one of the principal places of business of the banks that are the parties to the merger or consolidation.

b. May retain and continue to operate as united community bank offices of the resulting bank any of the remaining principal places of business of the banks that are the parties to the merger or consolidation.

c. May retain and continue to operate as retained bank offices of the resulting united community bank any of the bank offices that are being operated as of the date of the merger or consolidation by any of the banks that are parties to the merger or consolidation.

d. May establish additional bank offices within the municipal corporation or urban complex in which a united community bank office referred to in paragraph "b" is located, provided that the number of bank offices of the resulting bank within that municipal corporation or urban complex, including bank offices retained under paragraph "c" and bank offices established under the authority of this paragraph, but excluding the united community bank office, shall not exceed the maximum number of bank offices permitted by section 524.1202, subsection 2, paragraph "a", for a bank located within that municipal corporation or urban complex.

e. May retain and continue to operate and may establish in conjunction with the resulting bank, or with any retained united community bank office, or with any other retained bank office, any facility authorized by section 524.1202, subsection 2, paragraph "c" or "d", and in operation at the time of the merger or consolidation or established after the merger or consolidation.

f. May relocate any principal place of business and any bank offices operated pursuant to this section by complying with other provisions of law applicable to relocation.

4. For purposes of subsection 3, the period of existence and operation of a bank shall be deemed continuous, notwithstanding any of the following:

a. Any direct or indirect change in the name, ownership, or control of the bank.

b. Any rechartering of the bank, or any merger or consolidation with one or more banks.

c. The bank acquired its initial assets and liabilities from the federal deposit insurance corporation, or other

transferor, pursuant to a purchase and assumption transaction or any other type of transaction involving the transfer of ownership of a failed bank or other bank.

5. All united community bank offices and other bank offices retained by the resulting bank of a merger or consolidation under the authority of this section shall be deemed bank offices established under the authority of section 524.1201 for all intents and purposes of this chapter, except as is otherwise expressly provided in this section.

6. This section does not alter the limitations upon bank holding companies contained in section 524.1802.

7. This section shall be strictly construed as an exception to the bank office limitations contained in section 524.1202. It is the intent of the general assembly that a court or regulatory agency shall not deem, construe, or interpret this section to permit statewide branch banking or to permit the establishment of a bank office at any location in this state unless specifically authorized by this section or section 524.312 or 524.1202.

8. This section does not authorize the establishment of a bank office or an integral facility at any time by any bank except as a direct and immediate consequence of a merger or consolidation of two or more affiliated banks and as expressly permitted by subsection 3. This section does not authorize the resulting bank of a merger or consolidation to establish or retain any united community bank office, bank office, or integral facility at any location other than those expressly permitted by subsection 3, or to preserve any business location acquired in the merger or consolidation for subsequent use.

9. The resulting bank of a merger or consolidation shall not retain any united community bank office or any other bank office within the municipality or urban complex in which the principal office of the resulting bank is located if the resulting bank then would have a greater number of bank

offices within that municipality or urban complex than is expressly permitted by section 524.1202, subsection 2.

10. As used in this section, the term "bank" does not include any entity unless it is chartered as a state or national bank and is authorized by its bylaws to, and actually does, accept deposits, pay checks, and make commercial loans.

DONALD D. AVENSON
Speaker of the House

JO ANN ZIMMERMAN
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 98, Seventy-third General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved April 28, 1989

TERRY E. BRANSTAD
Governor