

Reprinted

1992

HOUSE FILE 2086
BY COMMITTEE ON JUDICIARY
AND LAW ENFORCEMENT

Place On Calendar

(SUCCESSOR TO HSB 521)

Passed House, Date 2/7/92 (4.168) Passed Senate, Date 2/7/92 (P.256)
Vote: Ayes 95 Nays 4 Vote: Ayes 44 Nays 0
Approved Feb. 11, 1992

A BILL FOR

1 An Act permitting a political subdivision to become a debtor
2 under the federal Bankruptcy Code under certain circumstances.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 2086

Amended

1 Section 1. Section 76.16, Code 1991, is amended by striking
2 the section and inserting in lieu thereof the following:

3 76.16 DEBTOR STATUS PERMITTED.

4 A city, county, or other political subdivision of this
5 state may be a debtor under chapter 9 of the federal
6 Bankruptcy Code, 11 U.S.C. § 901 et seq., if it is rendered
7 insolvent, as defined in 11 U.S.C. § 101(32)(C), solely by
8 reason of indebtedness other than a public bond or obligation.

9 EXPLANATION

10 This bill provides that a political subdivision may seek
11 bankruptcy protection. However, a political subdivision is
12 prohibited from seeking to avoid indebtedness from a public
13 bond or obligation.

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HOUSE FILE 2086

H-5003

1 Amend House File 2086 as follows:
 2 1. Page 1, by striking lines 1 through 3 and
 3 inserting the following:
 4 "Section 1. NEW SECTION. 76.16A DEBTOR STATUS
 5 PERMITTED."
 6 2. Page 1, line 4, by inserting before the word
 7 "A" the following: "1."
 8 3. Page 1, by inserting after line 8 the
 9 following:
 10 "2. This section shall not act to retroactively
 11 deprive any creditor of any defense or substantive
 12 right held by the creditor prior to the enactment of
 13 this Act.
 14 3. This section shall not be interpreted to
 15 retroactively deprive any creditor of any property
 16 right or substantive right without due process of law.
 17 4. The provisions of this Act are not dependent
 18 upon each other and a finding that one provision of
 19 this Act is unconstitutional shall not affect the
 20 other provisions."

By BURKE of Marshall

H-5003 FILED JANUARY 29, 1992

Planned 2/4

HOUSE FILE 2086

H-5005

1 Amend House File 2086 as follows:
 2 1. By striking everything after the enacting
 3 clause and inserting the following:
 4 *5011* "Section 1. Section 76.16, Code 1991, is amended
 5 to read as follows:
 6 76.16 DEBTOR STATUS PROHIBITED.
 7 1. A city, county, or other political subdivision
 8 of this state shall not be a debtor under chapter 9 of
 9 the federal Bankruptcy Code, 11 U.S.C. § 901 et seq.,
 10 except as otherwise specifically provided in this
 11 chapter.
 12 This section does not apply to a court-appointed
 13 receiver for an entity organized pursuant to chapter
 14 29E for the purpose of making joint investments on
 15 behalf of a city, county, judicial district department
 16 of correctional services, other political subdivision,
 17 or any combination thereof.
 18 2. An entity organized pursuant to chapter 29E for
 19 the purpose of making joint investments on behalf of a
 20 city, county, judicial district department of
 21 correctional services, other political subdivision, or
 22 any combination thereof is a 'municipality' for the
 23 purposes of chapter 9 of the federal Bankruptcy Code
 24 11 U.S.C. section 901 et seq.
 25 Sec. 2. EFFECTIVE DATE. This Act, being deemed of
 26 immediate importance, takes effect upon enactment."
 27 2. Title page, line 3, by inserting after the
 28 word "circumstances" the following: "and providing an
 29 effective date".

By JAY of Appanoose

H-5005 FILED JANUARY 29, 1992

(Adopted - amended by 5011 2/6 of 1992)

HOUSE FILE 2086

H-5011

1 Amend H-5005 to House File 2086 as follows:
2 1. Page 1, by striking lines 4 through 24 and
3 inserting the following:
4 "Sec. ____ . A political subdivision of this state
5 or a court-appointed receiver for an entity organized
6 pursuant to chapter 28E for the purpose of making
7 joint investments on behalf of a political subdivision
8 or judicial district department of correctional
9 services or any combination thereof, may be a debtor,
10 for the purpose of any bankruptcy petition filed
11 within one year of the effective date of this Act,
12 under chapter 9 of the federal Bankruptcy Code, 11
13 U.S.C. § 901 et seq., if it is rendered insolvent, as
14 defined in 11 U.S.C. § 101(32)(C), solely by reason of
15 indebtedness other than a public bond or obligation.
16 2. An entity organized pursuant to chapter 28E for
17 the purpose of making joint investments on behalf of a
18 political subdivision or judicial district department
19 of correctional services or any combination thereof is
20 a "municipality" for the purposes of chapter 9 of the
21 federal Bankruptcy Code, 11 U.S.C. § 901 et seq."

By JAY of Appanoose

H-5011 FILED JANUARY 30, 1992

Lost 2/6/92 (p 169)

HOUSE FILE 2086

H-5030

1 Amend the amendment, H-5005, to House File 2086 as
2 follows:
3 1. Page 1, by inserting after line 26 the fol-
4 lowing:
5 "Sec. ____ . This Act is repealed July 1, 1991, and
6 the Code editor shall recodify section 9.15 using the
7 language contained in that section from the 1991
8 Code."
9 2. By renumbering as necessary.

By McKEAN of Jones

H-5030 FILED FEBRUARY 5, 1992

ADMITTED (p 168)

HOUSE FILE 2086
FISCAL NOTE

A fiscal note for House File 2086 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.

House File 2086, as amended, prohibits political subdivisions from filing bankruptcy under Chapter 9 of the Federal Bankruptcy Code. It further provides that an entity formed by a 28E agreement to make joint investments on behalf of political subdivisions will be considered a municipality for purposes of Chapter 9 of the Federal Bankruptcy Code. An exception is made for the court-appointed receiver for one of these entities.

Assumptions:

1. The only entity affected by this legislation is the Iowa Trust Fund.
2. There are no General Fund monies invested in the Iowa Trust Fund.
3. The change clarifies the powers and responsibilities of the Iowa Insurance Commissioner.

Fiscal Impact:

There is no impact on the General Fund. The impact on the affected political subdivisions will be determined through the courts.

(LSB 5460hv.2, MDF)

FILED FEBRUARY 11, 1992

BY DENNIS PROUTY, FISCAL DIRECTOR

HOUSE FILE 2086
BY COMMITTEE ON JUDICIARY
AND LAW ENFORCEMENT

(SUCCESSOR TO HSB 521)

(As Amended and Passed by the House February 7, 1992)

Passed House, Date 2/7/92 (p. 148) Passed Senate, Date 2/7/92 (p. 250)
Vote: Ayes 95 Nays 4 Vote: Ayes 44 Nays 0
Approved February 11, 1992 (p. 220)
77 hours to recess (p. 262)

A BILL FOR

1 An Act permitting a political subdivision to become a debtor
2 under the federal Bankruptcy Code under certain circumstances
3 and providing an effective date.

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

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House Amendments _____

HOUSE FILE 2086

S-5036

1 Amend House File 2086, as amended, passed, and re-
2 printed by the House, as follows:
3 1. Page 1, line 21, by striking the word and
4 figure "July 1" and inserting the following: "August
5 1".

By AL STURGEON

S-5036 FILED FEBRUARY 7, 1992
WITHDRAWN (p. 255)

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HF 2086
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1 Section 1. Section 76.16, Code 1991, is amended to read as
2 follows:

3 76.16 DEBTOR STATUS PROHIBITED.

4 1. A city, county, or other political subdivision of this
5 state shall not be a debtor under chapter 9 of the federal
6 Bankruptcy Code, 11 U.S.C. § 901 et seq., except as otherwise
7 specifically provided in this chapter.

8 This section does not apply to a court-appointed receiver
9 for an entity organized pursuant to chapter 28E for the
10 purpose of making joint investments on behalf of a city,
11 county, judicial district department of correctional services,
12 other political subdivision, or any combination thereof.

13 2. An entity organized pursuant to chapter 28E for the
14 purpose of making joint investments on behalf of a city,
15 county, judicial district department of correctional services,
16 other political subdivision, or any combination thereof is a
17 "municipality" for the purposes of chapter 9 of the federal
18 Bankruptcy Code, 11 U.S.C. section 901 et seq.

19 Sec. 2. EFFECTIVE DATE. This Act, being deemed of
20 immediate importance, takes effect upon enactment.

21 Sec. 3. This Act is repealed July 1, 1993, and the Code
22 editor shall recodify section 76.16 using the language
23 contained in that section from the 1991 Code.

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1-22-92 Do Pass/6mal
HSB 521 MWB

Judiciary & Law Enforcement
~~Now~~
2086

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
JUDICIARY AND LAW
ENFORCEMENT BILL BY
CHAIRPERSON JAY)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act permitting a political subdivision to become a debtor
2 under the federal Bankruptcy Code under certain circumstances.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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SUB COMMITTEE ASSIGNMENTS
CHAIR: Jay
COMMITTEE: Judiciary
1-16-92

1 Section 1. NEW SECTION. 76.16A DEBTOR STATUS PERMITTED.
 2 A city, county, or other political subdivision of this
 3 state may be a debtor under chapter 9 of the federal
 4 Bankruptcy Code, 11 U.S.C. § 901 et seq., if it is rendered
 5 insolvent, as defined in 11 U.S.C. § 101(32)(C), solely by
 6 reason of an indebtedness other than a public bond or
 7 obligation.

8 EXPLANATION

9 This bill provides that a political subdivision may seek
 10 bankruptcy protection. However, a political subdivision is
 11 prohibited from seeking to avoid indebtedness from a public
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Sec. 3. This Act is repealed July 1, 1993, and the Code editor shall recodify section 76.16 using the language contained in that section from the 1991 Code.

HOUSE FILE 2086

AN ACT
PERMITTING A POLITICAL SUBDIVISION TO BECOME A DEBTOR UNDER
THE FEDERAL BANKRUPTCY CODE UNDER CERTAIN CIRCUMSTANCES
AND PROVIDING AN EFFECTIVE DATE.

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

Section 1. Section 76.16, Code 1991, is amended to read as follows:

76.16 DEBTOR STATUS PROHIBITED.

1. A city, county, or other political subdivision of this state shall not be a debtor under chapter 9 of the federal Bankruptcy Code, 11 U.S.C. § 901 et seq., except as otherwise specifically provided in this chapter.

This section does not apply to a court-appointed receiver for an entity organized pursuant to chapter 28E for the purpose of making joint investments on behalf of a city, county, judicial district department of correctional services, other political subdivision, or any combination thereof.

2. An entity organized pursuant to chapter 28E for the purpose of making joint investments on behalf of a city, county, judicial district department of correctional services, other political subdivision, or any combination thereof is a "municipality" for the purposes of chapter 9 of the federal Bankruptcy Code, 11 U.S.C. section 901 et seq.

Sec. 2. EFFECTIVE DATE. This Act, being deemed of immediate importance, takes effect upon enactment.

ROBERT C. ARNOULD
Speaker of the House

MICHAEL E. GRONSTAL
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2086, Seventy-fourth General Assembly.

JOSEPH O'HERN
Chief Clerk of the House

Approved Feb 11, 1992

TERRY E. BRANSTAD
Governor