

FILED MAR 4 1996

SENATE FILE **2396**
BY COMMITTEE ON JUDICIARY

(SUCCESSOR TO SSB 2158)

Passed Senate, Date ^(P. 853) 3/19/96 Passed House, Date ^(R 1474) 4-9-96
Vote: Ayes 47 Nays 0 Vote: Ayes 93 Nays 0
Approved 4-18-96

A BILL FOR

1 An Act adding certain residential security deposits and prepaid
2 rent to the list of exempt property which a debtor may claim.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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S-5305 FILED MARCH 12, 1996

SENATE FILE 2396

S-5317

1 Amend Senate File 2396 as follows:
2 1. Page 1, lines 20 and 21, by striking the words
3 "owing by the debtor" and inserting the following:
4 "held".
5 2. Page 1, line 21, by striking the words "the
6 lease" and inserting the following: "a rental
7 agreement".

Adopted 3/19/96 (P. 852) By MARY NEUHAUSER

S-5317 FILED MARCH 12, 1996

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S.F. 2396

1 Section 1. Section 627.6, Code 1995, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 14. The debtor's interest, not to exceed
4 five hundred dollars in the aggregate, in any combination of
5 the following property:

6 a. Any residential rental deposit held by a landlord as a
7 security deposit, as well as any interest earned on such
8 deposit as a result of any statute or rule requiring that such
9 deposit be placed in an interest-bearing account.

10 b. Any residential utility deposit held by any electric,
11 gas, telephone, or water company as a condition for initiation
12 or reinstatement of such utility service, as well as any
13 interest earned on such deposit as a result of any statute or
14 rule requiring that such deposit be placed in an interest-
15 bearing account.

16 c. Any rent paid to the landlord in advance of the date
17 due under any unexpired residential lease.

18 Notwithstanding the provisions of this subsection, a debtor
19 shall not be permitted to claim these exemptions against a
20 landlord or utility company, with regard to sums owing by the
21 debtor under the terms of the lease, or for utility services
22 furnished to the debtor.

23 EXPLANATION

24 This bill adds a new subsection to the list of property
25 which is exempt from execution under section 627.6. This new
26 subsection permits a debtor to claim as exempt property a
27 limited amount of residential and utility security deposits,
28 as well as a limited amount of prepaid rent. However, the
29 debtor cannot claim these exemptions against a landlord or
30 utility company.

31 Although bankruptcy is a federal action, the property that
32 may be listed as exempt is controlled by state law. In a
33 bankruptcy proceeding, the security deposits and prepaid rent
34 must be listed as assets on Schedule B of a debtor's
35 bankruptcy filing and the unexpired lease must be listed under

1 Schedule G, but under current Iowa law, the deposits and
2 prepaid rent cannot be listed as exempt property on Schedule
3 C. Under this bill, if a debtor listed such deposits or
4 prepaid rent as exempt property, the bankruptcy trustee could
5 not force the debtor to turn over such deposits or the cash
6 equivalent, nor could the trustee directly collect the
7 security deposits or prepaid rent from the landlord or utility
8 for use as part of the bankruptcy estate.

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H. 3/20/96 Judiciary
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SENATE FILE 2396
BY COMMITTEE ON JUDICIARY

(SUCCESSOR TO SSB 2158)

(AS AMENDED AND PASSED BY THE SENATE MARCH 19, 1996)

 - New Language by the Senate

Passed Senate, Date	<u>(p.853) 3/19/96</u>	Passed House, Date	<u>(p.1474) 4/18/96</u>
Vote: Ayes	<u>47</u>	Nays	<u>0</u>
Vote: Ayes	<u>93</u>	Nays	<u>0</u>
Approved	<u>4-18-96</u>		

A BILL FOR

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2 rent to the list of exempt property which a debtor may claim.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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S.F. 2396

1 Section 1. Section 627.6, Code 1995, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 14. The debtor's interest, not to exceed
4 five hundred dollars in the aggregate, in any combination of
5 the following property:

6 a. Any residential rental deposit held by a landlord as a
7 security deposit, as well as any interest earned on such
8 deposit as a result of any statute or rule requiring that such
9 deposit be placed in an interest-bearing account.

10 b. Any residential utility deposit held by any electric,
11 gas, telephone, or water company as a condition for initiation
12 or reinstatement of such utility service, as well as any
13 interest earned on such deposit as a result of any statute or
14 rule requiring that such deposit be placed in an interest-
15 bearing account.

16 c. Any rent paid to the landlord in advance of the date
17 due under any unexpired residential lease.

18 Notwithstanding the provisions of this subsection, a debtor
19 shall not be permitted to claim these exemptions against a
20 landlord or utility company, with regard to sums held under
21 the terms of a rental agreement, or for utility services
22 furnished to the debtor.

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Neuhauser
Giannetto
Vilsack
Rodfern
Drake

SSB-2158

Judiciary

Succeeded By
SF/HF 2396

SENATE FILE
BY (PROPOSED COMMITTEE ON
JUDICIARY BILL BY CHAIR-
PERSON GIANNETTO)

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

A BILL FOR

1 An Act adding certain residential security deposits and prepaid
2 rent to the list of exempt property which a debtor may claim.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section 627.6, Code 1995, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 14. The debtor's interest, not to exceed
4 two thousand dollars in the aggregate, in any combination of
5 the following property:

6 a. Any residential rental deposit held by a landlord as a
7 security deposit, as well as any interest earned on such
8 deposit as a result of any statute or rule requiring that such
9 deposit be placed in an interest-bearing account.

10 b. Any residential utility deposit held by any electric,
11 gas, telephone, or water company as a condition for initiation
12 or reinstatement of such utility service, as well as any
13 interest earned on such deposit as a result of any statute or
14 rule requiring that such deposit be placed in an interest-
15 bearing account.

16 c. Any rent paid to the landlord in advance of the date
17 due under any unexpired residential lease.

18 EXPLANATION

19 This bill adds a new subsection to the list of property
20 which is exempt from execution under section 627.6. This new
21 subsection permits a debtor to claim as exempt property a
22 limited amount of residential and utility security deposits,
23 as well as a limited amount of prepaid rent.

24 Although bankruptcy is a federal action, the property that
25 may be listed as exempt is controlled by state law. In a
26 bankruptcy proceeding, the security deposits and prepaid rent
27 must be listed as assets on Schedule B of a debtor's
28 bankruptcy filing and the unexpired lease must be listed under
29 Schedule G, but under current Iowa law, the deposits and
30 prepaid rent cannot be listed as exempt property on Schedule
31 C. Under this bill, if a debtor listed such deposits or
32 prepaid rent as exempt property, the bankruptcy trustee could
33 not force the debtor to turn over such deposits or the cash
34 equivalent, nor could the trustee directly collect the
35 security deposits or prepaid rent from the landlord or utility

1 for use as part of the bankruptcy estate.

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the terms of a rental agreement, or for utility services furnished to the debtor.

SENATE FILE 2396

AN ACT

ADDING CERTAIN RESIDENTIAL SECURITY DEPOSITS AND PREPAID RENT TO THE LIST OF EXEMPT PROPERTY WHICH A DEBTOR MAY CLAIM.

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

Section 1. Section 627.6, Code 1995, is amended by adding the following new subsection:

NEW SUBSECTION. 14. The debtor's interest, not to exceed five hundred dollars in the aggregate, in any combination of the following property:

a. Any residential rental deposit held by a landlord as a security deposit, as well as any interest earned on such deposit as a result of any statute or rule requiring that such deposit be placed in an interest-bearing account.

b. Any residential utility deposit held by any electric, gas, telephone, or water company as a condition for initiation or reinstatement of such utility service, as well as any interest earned on such deposit as a result of any statute or rule requiring that such deposit be placed in an interest-bearing account.

c. Any rent paid to the landlord in advance of the date due under any unexpired residential lease.

Notwithstanding the provisions of this subsection, a debtor shall not be permitted to claim these exemptions against a landlord or utility company, with regard to sums held under

LEONARD L. BOSWELL
President of the Senate

RON J. CORBETT
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2396, Seventy-sixth General Assembly.

JOHN F. DWYER
Secretary of the Senate

Approved 4/18, 1996

TERRY E. BRANSTAD
Governor