

Substituted by
HF 490
4-12-95
(P. 1151)

FILED MAR 16 1995

SENATE FILE 396
BY COMMITTEE ON JUDICIARY

(SUCCESSOR TO SSB 247)

WITHDRAWN

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

A BILL FOR

WITHDRAWN

- 1 An Act relating to limited liability companies.
- 2 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
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SENATE FILE 396

S-3194

- 1 Amend Senate File 396 is amended to read as
- 2 follows:
- 3 1. Page 2, by inserting after line 15 the
- 4 following:
- 5 "Sec. ____ . Section 490A.1501, subsection 4, Code
- 6 1995, is amended to read as follows:
- 7 4. "Profession" means the profession of certified
- 8 public accountancy, architecture, chiropractic,
- 9 dentistry, physical therapy, psychology, professional
- 10 engineering, land surveying, landscape architecture,
- 11 law, medicine and surgery, optometry, osteopathy,
- 12 osteopathic medicine and surgery, accounting
- 13 practitioner, podiatry, speech pathology, audiology,
- 14 veterinary medicine, pharmacy, and nursing, and
- 15 marriage and family therapy, provided that the
- 16 marriage and family therapist is licensed under
- 17 chapters 147 and 154D."
- 18 2. By renumbering as necessary.

S.F. 396

WITHDRAWN

Witnessed

By MARY LUNDBY
MICHAEL E. GRONSTAL

4-12-95 (P. 1151)

S-3194 FILED MARCH 22, 1995

1 Section 1. Section 490A.202, subsection 17, paragraph a,
2 unnumbered paragraph 1, Code 1995, is amended to read as
3 follows:

4 Except as otherwise provided in the articles of
5 organization or an operating agreement, or as provided in
6 paragraph "d", indemnify an individual made a party to a
7 proceeding because the individual is or was a member or
8 manager against liability incurred in the proceeding if all of
9 the following apply:

10 Sec. 2. Section 490A.401, subsection 1, Code 1995, is
11 amended to read as follows:

12 1. A limited liability company name must contain the words
13 "Limited Company" or "Limited Liability Company" or the
14 abbreviation "L.C." or "L.L.C." or words or abbreviations of
15 like import in another language.

16 Sec. 3. Section 490A.702, subsection 3, paragraph b, Code
17 1995, is amended to read as follows:

18 b. Every manager is an agent of the limited liability
19 company for the purpose of its business or affairs, unless
20 otherwise provided in the articles of organization or an
21 operating agreement. The act of any manager with agency
22 authority, including, but not limited to, the execution in the
23 name of the limited liability company of any instrument, for
24 apparently carrying on in the ordinary course the business or
25 affairs of the limited liability company shall bind the
26 limited liability company, unless the manager so acting has,
27 in fact, no authority to act for the limited liability company
28 in the particular matter, and the person with whom the manager
29 is dealing has knowledge of the fact that the manager has no
30 such authority.

31 Sec. 4. Section 490A.702, Code 1995, is amended by adding
32 the following new subsection:

33 NEW SUBSECTION. 6. For purposes of this section, a person
34 is deemed to have knowledge of a provision in the articles of
35 organization limiting the agency authority of a manager or

1 class of managers.

2 Sec. 5. Section 490A.1301, subsection 3, Code 1995, is
3 amended to read as follows:

4 3. Unless otherwise provided in the articles of
5 organization or an operating agreement, upon the death,
6 insanity, retirement, resignation, withdrawal, expulsion,
7 bankruptcy, or dissolution of a member or occurrence of any
8 other event, ~~except assignment of a membership interest~~
9 ~~voluntarily or by operation of law,~~ that terminates the
10 continued membership of a member in the limited liability
11 company, unless the business of the limited liability company
12 is continued by the consent of the members in the manner
13 stated in the articles of organization or an operating
14 agreement or if not so stated, by the unanimous consent of the
15 remaining members.

16

EXPLANATION

17 This bill makes several changes to the Iowa limited
18 liability company Act, chapter 490A. The bill adds to the
19 prohibition on indemnifying a member or manager where the
20 member or manager is found liable to the limited liability
21 company for improper personal benefit or otherwise, a
22 prohibition on indemnification if the articles of organization
23 or operating agreement provide for such. Also, the bill
24 provides that limited liability companies may use the words
25 "limited liability company" or the abbreviation "L.L.C." in
26 their names. Further, the bill provides that through the
27 articles of organization or an operating agreement, members of
28 a limited liability company may provide managers with
29 differing levels of authority to act as agents for the limited
30 liability company. In addition, the bill adds language adding
31 insanity, retirement, resignation, or assignment of a
32 membership interest to, and deletes language regarding an
33 involuntary assignment of a membership interest from, the
34 events that may trigger the dissolution of a limited liability
35 company.

Bartz
Giannetto
Vilsack
Neuhouser
Redfern

SSB-247
Judiciary

Succeeded By
SENATE FILE ~~396~~
BY (PROPOSED COMMITTEE ON
JUDICIARY BILL BY
CHAIRPERSON GIANNETTO)

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