

FEB 16 1999

COMMERCE AND REGULATION

HOUSE FILE

282

BY WISE

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_

Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_

Approved \_\_\_\_\_

**A BILL FOR**

1 An Act relating to the rights of a dissenting shareholder of a  
2 state bank.

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

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HF 282

1 Section 1. Section 524.1406, Code 1999, is amended by  
2 adding the following new subsection:

3 NEW SUBSECTION. 3. a. Notwithstanding any contrary  
4 provision in chapter 490, division XIII, in determining the  
5 fair value of the shareholder's shares under this section, due  
6 consideration shall be given to valuation issues acknowledged  
7 and authorized by the Internal Revenue Code, as defined in  
8 section 422.3, including discounts for minority interests and  
9 discounts for lack of marketability.

10 b. If a state or national bank commences an action to  
11 determine the fair value of dissenters' shares as provided in  
12 section 490.1330, and the board of directors of the state or  
13 national bank subsequently determines that payment to  
14 dissenting shareholders of the fair value as determined in the  
15 action would not be in the state or national bank's best  
16 interests, the board of directors may negate the merger  
17 subject to dissent, and return shares deposited with the state  
18 or national bank to the owners of the shares.

19 EXPLANATION

20 This bill relates to the determination of fair value of a  
21 dissenting shareholder's shares in a state or national bank  
22 which is a party to a merger. The bill provides that in  
23 determining the fair value of the shareholder's shares, due  
24 consideration must be given to valuation issues acknowledged  
25 and authorized by the Internal Revenue Code, as defined in  
26 Code section 422.3, including discounts for minority interests  
27 and discounts for lack of marketability.

28 The bill provides that if a state or national bank  
29 commences an action to determine the fair value of dissenters'  
30 shares, and the board of directors of the state or national  
31 bank subsequently determines that payment to dissenting  
32 shareholders of the fair value as determined in the action  
33 would not be in the state or national bank's best interests,  
34 the board of directors may negate the merger subject to  
35 dissent, and return shares deposited with the state or

1 national bank to the owners of the shares.

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