

FEB 18 2002
COMMERCE AND REGULATION

HOUSE FILE 2406
BY RAYHONS

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

A BILL FOR

1 An Act relating to farm aid associations, by providing for the
2 future termination of such associations and election
3 procedures to become governed under the Iowa nonprofit
4 corporation Act, and providing an effective date.

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

HF 2406

6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

DIVISION I

Section 1. NEW SECTION. 504A.102 FARM AID ASSOCIATIONS
-- TERMINATION AND ELECTION TO BE GOVERNED UNDER THE IOWA
NONPROFIT CORPORATION ACT.

1. TERMINATION. A corporation incorporated and governed
under chapter 176 as an association organized under chapter
176 prior to July 1, 2005, that is not governed as a
corporation under this chapter on or before June 30, 2005, as
provided in this section is terminated on July 1, 2005.

2. ELECTION PROCEDURE. A corporation incorporated and
governed under chapter 176 as an association organized under
chapter 176 prior to July 1, 2005, may elect to be governed as
a corporation under this chapter. The association governed
under chapter 176 shall be a corporation governed under this
chapter by complying with all of the following requirements:

a. The adoption of a resolution or resolutions at a
meeting of the board of directors upon receiving the vote of a
majority of the directors in office and of the members of the
association in the same manner as provided in section 504A.35.
The resolution or resolutions shall recite that the
association voluntarily elects to be governed as a corporation
under this chapter. The resolution must designate the address
of the association's initial registered office and the name of
the association's registered agent or agents at that office,
if any.

b. The adoption of articles of incorporation in compliance
with section 504A.29 at a meeting of the board of directors
upon receiving the vote of a majority of the directors in
office and of the members of the association in the same
manner as provided in section 504A.35. The articles of
incorporation may be a restatement, substitution, or amendment
of articles of incorporation adopted by the association
pursuant to section 176.3. The articles of incorporation may
be made part of the resolution or resolutions adopted by the
association pursuant to paragraph "a" of this subsection.

1 c. Upon the adoption of a resolution or resolutions and
2 articles of incorporation as provided in paragraphs "a" and
3 "b" of this subsection, the president or vice president and
4 secretary or an assistant secretary shall execute an
5 instrument of verification. The instrument of verification
6 shall certify all of the following:

7 (1) The association name as provided in the association's
8 articles of incorporation pursuant to section 176.3 and the
9 new corporation's corporate name, if different, as provided in
10 section 504A.6.

11 (2) An identification of each resolution adopted under
12 paragraph "a" of this subsection, including the date of each
13 resolution's adoption, and a recitation that each resolution
14 and the articles of incorporation for the new corporation are
15 filed with the office of secretary of state.

16 (3) The address of the new corporation's registered office
17 and the name of the new corporation's registered agent as
18 provided in section 504A.8.

19 d. All of the following shall be delivered to the office
20 of the secretary of state for filing and recording as provided
21 in section 504A.30:

22 (1) Each resolution adopted pursuant to paragraph "a" of
23 this subsection.

24 (2) The new corporation's articles of incorporation
25 adopted pursuant to paragraph "b" of this subsection.

26 (3) The instrument of verification that is executed
27 pursuant to paragraph "c" of this subsection.

28 3. CERTIFICATE OF INCORPORATION. Upon filing of the
29 resolution or resolutions, the articles of incorporation, and
30 the instrument of verification as provided in subsection 2,
31 the office of secretary of state shall issue a certificate of
32 incorporation and send the certificate to the corporation or
33 its representative as provided in section 504A.30.

34 4. LIABILITIES AND RIGHTS PRIOR TO THE ELECTION. An
35 association's election to be governed as a corporation under

1 this chapter does not affect any right accrued or established,
2 or any liability or penalty incurred, under the provisions of
3 chapter 176, prior to filing of the resolution or resolutions,
4 articles of incorporation, and instrument of verification by
5 the association as provided in subsection 2.

6 5. REPEAL. This section is repealed on July 1, 2005.

7

DIVISION II

8

CORRESPONDING CHANGES

9 Sec. 2. Section 159.6, subsection 8, Code 2001, is amended
10 to read as follows:

11 8. State aid received by certain associations as provided
12 in chapters ~~176~~ 177 through 182, 186, and 352.

13 Sec. 3. Section 173.3, Code 2001, is amended to read as
14 follows:

15 173.3 CERTIFICATION OF STATE AID ASSOCIATIONS.

16 On or before November 15 of each year, the secretary of
17 agriculture shall certify to the secretary of the state fair
18 board the names of the various associations and societies
19 which have qualified for state aid under the provisions of
20 chapters ~~176~~ 177 through 178, 181, 182, 186, and 352, and
21 which are entitled to representation in the convention as
22 provided in section 173.2.

23 Sec. 4. Section 331.602, subsection 13, Code 2001, is
24 amended by striking the subsection.

25 Sec. 5. Section 490.1701, subsection 2, Code 2001, is
26 amended to read as follows:

27 2. Unless otherwise provided, this chapter does not apply
28 to an entity subject to chapter 174, ~~176~~, 497, 498, 499, 499A,
29 524, 533, or 534 or a corporation organized on the mutual plan
30 under chapter 491, or a telephone company organized as a
31 corporation under chapter 491 qualifying pursuant to an
32 internal revenue service letter ruling under Internal Revenue
33 Code § 501(c)(12) as a nonprofit corporation entitled to
34 distribute profits in a manner similar to a chapter 499
35 corporation, unless such entity voluntarily elects to adopt

1 the provisions of this chapter and complies with the procedure
2 prescribed by subsection 3 of this section.

3 Sec. 6. Section 504A.100, subsection 1, Code 2001, is
4 amended to read as follows:

5 1. Except for this subsection, this chapter shall not
6 apply to or affect corporations subject to the provisions of
7 ~~chapters-176,~~ chapter 497, 498, 499, or 512B. Such
8 corporations shall continue to be governed by all laws of this
9 state heretofore applicable thereto and as the same may
10 hereafter be amended. This chapter shall not be construed as
11 in derogation of or as a limitation on the powers to which
12 such corporations may be entitled.

13 Sec. 7. Chapter 176 is repealed.

14 DIVISION III

15 EFFECTIVE DATE

16 Sec. 8. EFFECTIVE DATE FOR DIVISION II. Division II of
17 this Act, amending sections 159.6, 173.3, 331.602, 490.1701,
18 and 504A.100, and repealing chapter 176, is effective on July
19 1, 2005.

20 EXPLANATION

21 This bill relates to farm aid associations organized as
22 special corporations under Code chapter 176 for purposes of
23 improving and advancing agriculture, domestic science, animal
24 husbandry, and horticulture.

25 The associations are organized as nonprofit corporations
26 within each county and their articles of incorporation are
27 filed and recorded with the county recorder. The bill
28 provides that a farm aid association is terminated on July 1,
29 2005, unless it elects to be organized under Code chapter 504A
30 ("Iowa nonprofit corporation Act") on or before June 30, 2005.
31 An entity organizing under Code chapter 504A must file
32 articles of incorporation and other documents such as a
33 biennial report with the office of secretary of state.

34 The bill provides a number of procedural requirements for
35 such election. These requirements include the adoption of a

1 resolution by the association and any amendments to its
2 articles of incorporation required to conform to Code chapter
3 504A, and the execution of an instrument of verification that
4 certifies that the association is becoming a Code chapter 504A
5 corporation. The bill provides for the filing of the
6 documents with the office of secretary of state.

7 The bill requires the office of secretary of state, upon
8 filing of the documents, to deliver a certificate of
9 incorporation to the corporation in the same manner as other
10 corporations filing under Code chapter 504A.

11 The bill also provides that the Act does not affect any
12 right accrued or established, or any liability or penalty
13 incurred, under the provisions of Code chapter 176, prior to
14 the filing of the necessary documents.

15 The bill makes a number of conforming amendments and
16 repeals Code chapter 176, all effective July 1, 2005.

17

18

19

20

21

22

23

24

25

26

27

28

29

30

31

32

33

34

35