

Senate Study Bill 1243

Bill Text

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1 1 Section 1. Section [15E.205](#), Code 2001, is amended by
1 2 adding the following new subsection:
1 3 **NEW SUBSECTION.** 1A. Notwithstanding section 490.831, a
1 4 transaction for financing an Iowa agricultural industry
1 5 venture as provided in section 15E.209 is void, if any
1 6 director of the corporation has a direct or indirect interest
1 7 in the transaction as provided in section 490.831. Each
1 8 director shall file a disclosure statement with the department
1 9 and corporation listing any potential conflicts of interest,
1 10 as provided in the corporation's articles of incorporation.
1 11 Sec. 2. **APPLICABILITY.** This Act applies to the board of
1 12 directors of the Iowa agricultural industry finance
1 13 corporation, regardless of whether the board is the initial
1 14 board of directors or a permanent board of directors as
1 15 provided in sections 15E.205 and 15E.206.
1 16 Sec. 3. **EFFECTIVE DATE.** This Act, being deemed of
1 17 immediate importance, takes effect upon enactment.
1 18 **EXPLANATION**
1 19 Division XIX of Code chapter 15E, referred to as the "Iowa
1 20 Agricultural Industry Finance Act", authorizes the formation
1 21 of one or more Iowa agricultural industry finance
1 22 corporations. The purpose of such a corporation is to
1 23 facilitate opportunities for local agricultural producer-led
1 24 ventures and to expand production and processing of high-value
1 25 agricultural products. Such a corporation is governed by a
1 26 board of directors. Code section 15E.206 provides for the
1 27 organization of the board of one corporation by an initial
1 28 board of directors.
1 29 This bill regulates conflicts of interest by a
1 30 corporation's board of directors. Code section 490.831
1 31 provides that a conflict of interest transaction is not
1 32 voidable by the corporation if the facts of the transaction
1 33 are known to the board of directors or the transaction is fair
1 34 to the corporation.
1 35 The bill provides that notwithstanding that section, a
2 1 transaction for financing an Iowa agricultural industry
2 2 venture is void, if any director of the corporation has a
2 3 direct or indirect interest in the transaction as provided in
2 4 Code section 490.831. The bill requires each director to file
2 5 a disclosure statement with the department of economic
2 6 development and corporation listing any potential conflicts of
2 7 interest.
2 8 The bill applies to the initial and permanent board of
2 9 directors.
2 10 The bill becomes effective upon enactment.
2 11 LSB 3071XC 79
2 12 da/cls/14