

House Study Bill 606 - Introduced

HOUSE FILE _____
BY (PROPOSED COMMITTEE
ON JUDICIARY BILL BY
CHAIRPERSON ANDERSON)

A BILL FOR

1 An Act relating to nonsubstantive Code corrections and
2 including effective date provisions.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

DIVISION I

NONSUBSTANTIVE CHANGES

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Section 1. Section 6B.14, subsection 2, Code 2011, is amended to read as follows:

2. Prior to the meeting of the commission, the commission or a commissioner shall not communicate with the applicant, property owner, or tenant, or their agents, regarding the condemnation proceedings. The commissioners shall meet in open session to view the property and to receive evidence, but may deliberate in closed session. When deliberating in closed session, the meeting is closed to all persons who are not commissioners except for personnel from the sheriff's office if such personnel ~~is~~ are requested by the commission. After deliberations commence, the commission and each commissioner is prohibited from communicating with any party to the proceeding. However, if the commission is deliberating in closed session, and after deliberations commence the commission requires further information from a party or a witness, the commission shall notify the property owner and the acquiring agency that they are allowed to attend the meeting at which such additional information shall be provided but only for that period of time during which the additional information is being provided. The property owner and the acquiring agency shall be given a reasonable opportunity to attend the meeting. The commission shall keep minutes of all its meetings showing the date, time, and place, the members present, and the action taken at each meeting. The minutes shall show the results of each vote taken and information sufficient to indicate the vote of each member present. The vote of each member present shall be made public at the open session. The minutes shall be public records open to public inspection.

Sec. 2. Section 8F.2, subsection 8, paragraph b, subparagraph (8), Code 2011, is amended to read as follows:

(8) A contract for services provided from resources made available under ~~Title~~ Tit. XVIII, XIX, or XXI of the federal

1 Social Security Act.

2 Sec. 3. Section 10B.4, subsection 2, paragraph g, Code
3 Supplement 2011, is amended to read as follows:

4 *g.* If the reporting entity is a life science enterprise, as
5 provided in chapter 10C, Code 2011, as that chapter exists on
6 or before June 30, 2005, the total amount of commercial sale
7 of life science products and products other than life science
8 products which are produced from the agricultural land held by
9 the life science enterprise.

10 Sec. 4. Section 12.87, subsection 1, paragraph a, Code
11 Supplement 2011, is amended to read as follows:

12 *a.* The treasurer of state is authorized to issue and sell
13 bonds on behalf of the state to provide funds for certain
14 infrastructure projects and for purposes of the Iowa jobs
15 program established in section 16.194. The treasurer of state
16 shall have all of the powers which are necessary or convenient
17 to issue, sell, and secure bonds and carry out the treasurer of
18 state's duties, and exercise the treasurer of state's authority
19 under this section and sections 12.88 through 12.90. The
20 treasurer of state may issue and sell bonds in such amounts as
21 the treasurer of state determines to be necessary to provide
22 sufficient funds for certain infrastructure projects and the
23 revenue bonds capitals fund, the revenue bonds capitals II
24 fund, the payment of interest on the bonds, the establishment
25 of reserves to secure the bonds, the payment of costs of
26 issuance of the bonds, the payment of other expenditures of
27 the treasurer of state incident to and necessary or convenient
28 to carry out the issuance and sale of the bonds, and the
29 payment of all other expenditures of the treasurer of state
30 necessary or convenient to administer the funds and to carry
31 out the purposes for which the bonds are issued and sold. The
32 treasurer of state may issue and sell bonds as provided in
33 paragraph "b" in one or more series on the terms and conditions
34 the treasurer of state determines to be in the best interest of
35 the state, in accordance with this section in such amounts as

1 the treasurer of state determines to be necessary to fund the
2 purposes for which such bonds are issued and sold ~~as follows:~~.

3 Sec. 5. Section 15.104, subsection 3, unnumbered paragraph
4 1, Code Supplement 2011, is amended to read as follows:

5 Review and approve or disapprove a life science enterprise
6 plan or amendments to that plan as provided in chapter 10C,
7 Code 2011, and according to rules adopted by the board. A
8 life science plan shall make a reasonable effort to provide
9 for participation by persons who are individuals or family
10 farm entities actively engaged in farming as defined in
11 section 10.1. The persons may participate in the life science
12 enterprise by holding an equity position in the life science
13 enterprise or providing goods or service to the enterprise
14 under contract. The plan must be filed with the board not
15 later than June 30, 2005. The life science enterprise may file
16 an amendment to a plan at any time. A life science enterprise
17 is not eligible to file a plan, unless the life science
18 enterprise files a notice with the board. The notice shall be
19 a simple statement indicating that the life science enterprise
20 may file a plan as provided in this section. The notice must be
21 filed with the board not later than June 1, 2005. The notice,
22 plan, or amendments shall be submitted by a life science
23 enterprise as provided by the board. The board shall consult
24 with the department of agriculture and land stewardship during
25 its review of a life science plan or amendments to that plan.
26 The plan shall include information regarding the life science
27 enterprise as required by rules adopted by the board, including
28 but not limited to all of the following:

29 Sec. 6. Section 15.117A, subsection 6, paragraph b, Code
30 Supplement 2011, is amended to read as follows:

31 *b.* Review annually all of the economic development programs
32 administered by the authority and the board that relate to the
33 targeted industries and make recommendations for adjustments
34 that enhance efficiency and effectiveness. In reviewing the
35 programs, the council shall, to the greatest extent possible,

1 utilize economic development data and research in order to make
2 objective, fact-based recommendations.

3 Sec. 7. Section 15.247, subsection 8, paragraphs c and d,
4 Code Supplement 2011, are amended to read as follows:

5 c. A person within the third degree of consanguinity of an
6 employee of the authority, a person within the third degree
7 of consanguinity of a member of the targeted small business
8 financial assistance board or member's relative, or a business
9 with any financial ties to a member shall not be eligible for
10 financial assistance under the program during the employee's
11 employment or the member's tenure on the board, as applicable.

12 d. Members shall serve ~~two-year~~ two-year terms and may be
13 reappointed. A member shall not serve more than two terms.

14 ~~d.~~ e. The targeted small business financial assistance
15 board shall consider all applications for financial assistance
16 under the program submitted on or after July 1, 2007.

17 Sec. 8. Section 15A.9, subsection 1, paragraph b, Code
18 Supplement 2011, is amended to read as follows:

19 b. (1) In order to assist a community or communities
20 located within the state to secure new industrial manufacturing
21 jobs, the state of Iowa makes economic development assistance
22 available within the zone or zones, and the department of
23 economic development shall designate a site or sites, which
24 shall not be larger than two thousand five hundred acres,
25 within thirty days of March 4, 1994, as a quality jobs
26 enterprise zone or zones for the purpose of attracting a
27 primary business and supporting businesses to locate facilities
28 within the state.

29 (2) The primary business or a supporting business shall not
30 be prohibited from participating in or receiving other economic
31 development programs or services or electing to utilize other
32 tax provisions to the extent authorized elsewhere by law.

33 Sec. 9. Section 34A.15, subsection 1, paragraphs c, e, and
34 h, Code Supplement 2011, are amended to read as follows:

35 c. One person appointed by the Iowa ~~association of chiefs of~~

1 ~~police and peace officers association.~~

2 e. One person appointed by the Iowa ~~association of~~
3 professional fire fighters.

4 h. One person appointed by the Iowa chapter of the
5 association of ~~public safety~~ public-safety communications
6 officials-international, inc.

7 Sec. 10. Section 80B.11A, Code 2011, is amended to read as
8 follows:

9 **80B.11A Jailer training standards.**

10 The director of the academy, subject to the approval of
11 the council, and in consultation with the Iowa department of
12 corrections, Iowa state sheriffs' and deputies' association,
13 and the Iowa ~~association of chiefs of police and peace officers~~
14 association, shall adopt rules in accordance with this chapter
15 and chapter 17A establishing minimum standards for training of
16 jailers.

17 Sec. 11. Section 80B.11C, Code 2011, is amended to read as
18 follows:

19 **80B.11C Telecommunicator training standards.**

20 The director of the academy, subject to the approval of
21 the council, in consultation with the Iowa state sheriffs'
22 and deputies' association, the Iowa police executive forum,
23 the Iowa ~~association of chiefs of police and peace officers~~
24 association, the Iowa state police association, the Iowa
25 ~~association of professional fire fighters~~, the Iowa emergency
26 medical services association, the joint council of Iowa
27 fire service organizations, the Iowa department of public
28 safety, the Iowa chapter of the association of ~~public safety~~
29 public-safety communications officials-international, inc., the
30 Iowa chapter of the national emergency number association, the
31 homeland security and emergency management division of the Iowa
32 department of public defense, and the Iowa department of public
33 health, shall adopt rules pursuant to chapter 17A establishing
34 minimum standards for training of telecommunicators. For
35 purposes of this section, "telecommunicator" means a person who

1 receives requests for, or dispatches requests to, emergency
2 response agencies which include, but are not limited to, law
3 enforcement, fire, rescue, and emergency medical services
4 agencies.

5 Sec. 12. Section 80E.2, subsection 1, paragraph m, Code
6 2011, is amended to read as follows:

7 *m.* A member representing the Iowa ~~association of chiefs of~~
8 ~~police and peace officers~~ association.

9 Sec. 13. Section 80E.2, subsection 2, Code 2011, is amended
10 to read as follows:

11 2. The prosecuting attorney, licensed substance abuse
12 treatment specialist, certified substance abuse prevention
13 specialist, substance abuse treatment program director, member
14 representing the Iowa ~~association of chiefs of police and~~
15 ~~peace officers~~ association, member representing the Iowa state
16 police association, and the member representing the Iowa state
17 sheriffs' and deputies' association shall be appointed by the
18 governor, subject to senate confirmation, for four-year terms
19 beginning and ending as provided in section 69.19. A vacancy
20 on the council shall be filled for the unexpired term in the
21 same manner as the original appointment was made.

22 Sec. 14. Section 96.21, Code 2011, is amended to read as
23 follows:

24 **96.21 Termination.**

25 If at any time ~~Title~~ Tit. IX of the Social Security Act,
26 as amended, shall be amended or repealed by Congress or held
27 unconstitutional by the supreme court of the United States,
28 with the result that no portion of the contributions required
29 under this chapter may be credited against the tax imposed
30 by said ~~Title~~ Tit. IX, in any such event the operation of
31 the provisions of this chapter requiring the payment of
32 contributions and benefits shall immediately cease, the
33 department shall thereupon requisition from the unemployment
34 trust fund all moneys therein standing to its credit, and such
35 moneys, together with any other moneys in the unemployment

1 compensation fund shall be refunded, without interest and under
2 regulations prescribed by the department, to each employer
3 by whom contributions have been paid, proportionately to the
4 employer's pro rata share of the total contributions paid under
5 this chapter. Any interest or earnings of the fund shall be
6 available to the department to pay for the costs of making such
7 refunds. When the department shall have executed the duties
8 prescribed in this section and performed such other acts as are
9 incidental to the termination of its duties under this chapter,
10 the provisions of this chapter, in their entirety, shall cease
11 to be operative.

12 Sec. 15. Section 96.27, Code 2011, is amended to read as
13 follows:

14 **96.27 Approval of attorney general.**

15 An agreement made for the purchase or other acquisition of
16 the premises mentioned in section 96.25 ~~of this section~~ with
17 funds granted or credited to this state for such purpose under
18 the Social Security Act or the Wagner-Peyser Act shall be
19 subject to the approval of the attorney general of the state of
20 Iowa as to form and as to title thereto.

21 Sec. 16. Section 97C.5, Code 2011, is amended to read as
22 follows:

23 **97C.5 Tax on employees.**

24 Every employee whose services are covered by an agreement
25 entered into under section 97C.3 shall be required to pay
26 for the period of such coverage into the contribution fund
27 established by section 97C.12, a tax which is hereby imposed
28 with respect to wages received during the calendar year of
29 1953, equal to such percentum of the wages received by the
30 employee as imposed by Social Security Act, ~~Title~~ Tit. II,
31 as such Act has been and may from time to time be amended.
32 Such payment shall be considered a condition of employment
33 as a public employee. Taxes deducted from the wages of the
34 employee by the employer and taxes imposed upon the employer
35 shall be forwarded to the state agency for recording and shall

1 be deposited with the treasurer of state to the credit of
2 the contribution fund established by section 97C.12 of this
3 chapter.

4 Sec. 17. Section 97C.10, Code 2011, is amended to read as
5 follows:

6 **97C.10 Tax on employer.**

7 In addition to all other taxes there is hereby imposed upon
8 each employer as defined in section 97C.2, subsection 2, a
9 tax equal to such percentum of the wages paid by the employer
10 to each employee as imposed by the Social Security Act, ~~Title~~
11 Tit. II, as such Act has been and may from time to time be
12 amended. The employer shall pay its tax or contribution from
13 funds available and is directed to pay same from tax money or
14 from any other income available. The political subdivision is
15 hereby authorized and directed to levy in addition to all other
16 taxes a property tax sufficient to meet its obligations under
17 the provisions of this chapter, if such tax levy is necessary
18 because other funds are not available.

19 Sec. 18. Section 97C.15, Code 2011, is amended to read as
20 follows:

21 **97C.15 Payments to secretary of treasury.**

22 From the contribution fund the custodian of the fund shall
23 pay to the secretary of the treasury of the United States such
24 amounts and at such time or times as may be directed by the
25 state agency in accordance with any agreement entered into
26 under section 97C.3 and the Social Security Act, ~~Title~~ Tit. II.

27 Sec. 19. Section 99D.11, subsections 2 and 3, Code
28 Supplement 2011, are amended to read as follows:

29 2. Licensees shall only permit the pari-mutuel or
30 certificate method of wagering, or the ~~advanced~~ advance deposit
31 method of wagering, as defined in this section.

32 3. The licensee may receive wagers of money only from a
33 person present in a licensed racetrack enclosure on a horse
34 or dog in the race selected by the person making the wager to
35 finish first in the race or from a person engaging in ~~advanced~~

1 advance deposit wagering as defined in this section. The
2 person wagering shall acquire an interest in the total money
3 wagered on all horses or dogs in the race as first winners in
4 proportion to the amount of money wagered by the person.

5 Sec. 20. Section 99D.11, subsection 6, paragraph c, Code
6 Supplement 2011, is amended to read as follows:

7 c. (1) The commission shall authorize the licensee of the
8 horse racetrack located in Polk county to conduct ~~advanced~~
9 advance deposit wagering. An ~~advanced~~ advance deposit wager
10 may be placed in person at a licensed racetrack enclosure, or
11 from any other location via a telephone-type device or any
12 other electronic means. The commission may also issue an
13 ~~advanced~~ advance deposit wagering operator license to an entity
14 who complies with subparagraph (3) and section 99D.8A.

15 (2) For the purposes of this section, ~~"advanced deposit~~
16 ~~wagering"~~ "advance deposit wagering" means a method of
17 pari-mutuel wagering in which an individual may establish
18 an account, deposit money into the account, and use the
19 account balance to pay for pari-mutuel wagering. Of the net
20 revenue, less all taxes paid and expenses directly related to
21 account deposit wagering incurred by the licensee of the horse
22 racetrack located in Polk county, received through ~~advanced~~
23 advance deposit wagering, fifty percent shall be designated for
24 the horse purses created pursuant to section 99D.7, subsection
25 5, and fifty percent shall be designated for the licensee for
26 the pari-mutuel horse racetrack located in Polk county.

27 (3) Before granting an ~~advanced~~ advance deposit wagering
28 operator license to an entity other than the licensee of
29 the horse racetrack located in Polk county, the commission
30 shall enter into an agreement with the licensee of the
31 horse racetrack located in Polk county, the Iowa horsemen's
32 benevolent and protective association, and the prospective
33 ~~advanced~~ advance deposit wagering operator for the purpose
34 of determining the payment of statewide source market fees
35 and the host fees to be paid on all races subject to ~~advanced~~

1 advance deposit wagering. The commission shall establish the
2 term of such an ~~advanced~~ advance deposit wagering operator
3 license. Such an ~~advanced~~ advance deposit wagering operator
4 licensee shall accept wagers on live races conducted at the
5 horse racetrack in Polk county from all of its account holders
6 if it accepts wagers from any residents of this state.

7 (4) An unlicensed ~~advanced~~ advance deposit wagering
8 operator or an individual taking or receiving wagers from
9 residents of this state on races conducted at the horse
10 racetrack located in Polk county is guilty of a class "D"
11 felony.

12 (5) For the purposes of this paragraph "c", "~~advanced~~
13 ~~deposit wagering operator~~" "advance deposit wagering operator"
14 means an ~~advanced~~ advance deposit wagering operator licensed
15 by the commission who has entered into an agreement with the
16 licensee of the horse racetrack in Polk county and the Iowa
17 horsemen's benevolent and protective association to provide
18 ~~advanced~~ advance deposit wagering.

19 Sec. 21. Section 100B.1, subsection 1, paragraph a,
20 subparagraph (1), subparagraph division (c), Code Supplement
21 2011, is amended to read as follows:

22 (c) Two members from a list submitted by the Iowa
23 ~~association of~~ professional fire fighters.

24 Sec. 22. Section 105.2, subsection 8, Code Supplement 2011,
25 is amended to read as follows:

26 8. "*Hydronic*" means a heating or cooling system that
27 transfers heating or cooling by circulating fluid through
28 a closed system, including boilers, pressure vessels,
29 ~~refrigerated~~ refrigeration equipment in connection with chilled
30 water systems, all steam piping, hot or chilled water piping
31 together with all control devices and accessories, installed as
32 part of, or in connection with, any heating or cooling system
33 or appliance using a liquid, water, or steam as the heating
34 or cooling media. "*Hydronic*" includes all low-pressure and
35 high-pressure systems and all natural, propane, liquid propane,

1 or other gas lines associated with any component of a hydronic
2 system.

3 Sec. 23. Section 124.401, subsection 4, paragraph e, Code
4 Supplement 2011, is amended to read as follows:

5 e. Red ~~phosphorous~~ phosphorus.

6 Sec. 24. Section 135.105, subsection 1, Code 2011, is
7 amended to read as follows:

8 1. Coordinate the childhood lead poisoning prevention
9 program with the department of natural resources, the
10 university of Iowa poison control program, the mobile and
11 regional child health ~~speciality~~ specialty clinics, and any
12 agency or program known for a direct interest in lead levels
13 in the environment.

14 Sec. 25. Section 135.159, subsection 2, paragraph a,
15 subparagraph (9), Code Supplement 2011, is amended to read as
16 follows:

17 (9) A representative of the ~~governor's~~ Iowa developmental
18 disabilities council.

19 Sec. 26. Section 161G.3, subsection 3, paragraph a, Code
20 2011, is amended to read as follows:

21 a. Provide for conservation systems that manage and optimize
22 nitrogen and ~~phosphorous~~ phosphorus within fields to minimize
23 runoff and reduce downstream nutrient loading.

24 Sec. 27. Section 162.20, subsection 5, paragraph c, Code
25 2011, is amended to read as follows:

26 c. The transfer of a dog or cat to a research facility as
27 defined in section 162.2 or a person licensed by the United
28 States department of agriculture as a class B dealer pursuant
29 to 9 C.F.R. ch. 1, subch. A, pt. 2. However, a class B dealer
30 who receives an unsterilized dog or cat from a pound or animal
31 shelter shall either sterilize the dog or cat or transfer the
32 unsterilized dog or cat to a research facility provided in this
33 paragraph. The class B dealer shall not transfer a dog to a
34 research facility if the dog is a greyhound registered with the
35 national greyhound association and the dog raced at a track

1 associated with pari-mutuel racing unless the class B dealer
2 receives written approval of the transfer from a person who
3 owned an interest in the dog while the dog was racing.

4 Sec. 28. Section 225B.3, subsection 1, paragraphs b, c, and
5 d, Code 2011, are amended to read as follows:

6 *b.* Three providers of disability prevention services,
7 recommended by the ~~governor's~~ Iowa developmental disabilities
8 council, appointed by the governor, and confirmed by the
9 senate.

10 *c.* Three persons with expertise in priority prevention
11 areas, recommended by the ~~governor's~~ Iowa developmental
12 disabilities council, appointed by the governor, and confirmed
13 by the senate.

14 *d.* Three persons with disabilities or family members of a
15 person with disabilities, recommended by the ~~governor's~~ Iowa
16 developmental disabilities council, appointed by the governor
17 and confirmed by the senate.

18 Sec. 29. Section 225C.6, subsection 1, paragraph k, Code
19 Supplement 2011, is amended to read as follows:

20 *k.* Coordinate activities with the ~~governor's~~ Iowa
21 developmental disabilities council and the mental health
22 planning council, created pursuant to federal law. The
23 commission shall work with other state agencies on
24 coordinating, collaborating, and communicating concerning
25 activities involving persons with disabilities.

26 Sec. 30. Section 231E.4, subsection 3, paragraph e, Code
27 2011, is amended to read as follows:

28 *e.* Work with the department of human services, the Iowa
29 department of public health, the ~~governor's~~ Iowa developmental
30 disabilities council, and other agencies to establish a
31 referral system for the provision of substitute decision-making
32 services.

33 Sec. 31. Section 241.3, subsection 2, Code 2011, is amended
34 to read as follows:

35 2. The department shall consult and cooperate with the

1 department of workforce development, the United States
2 commissioner of social security administration, the ~~division~~
3 ~~of~~ office on the status of women of the department of human
4 rights, the department of education, and other persons in the
5 executive branch of the state government as the department
6 considers appropriate to facilitate the coordination of
7 multipurpose service programs established under this chapter
8 with existing programs of a similar nature.

9 Sec. 32. Section 249A.4B, subsection 2, paragraph a,
10 subparagraph (39), Code Supplement 2011, is amended to read as
11 follows:

12 (39) The ~~governor's~~ Iowa developmental disabilities
13 council.

14 Sec. 33. Section 256.32, subsection 2, paragraph c, Code
15 Supplement 2011, is amended to read as follows:

16 c. The current postsecondary agriculture ~~students~~ student
17 organization of Iowa president.

18 Sec. 34. Section 256.35A, subsection 2, paragraph b, Code
19 2011, is amended to read as follows:

20 b. In addition, representatives of the department of
21 education, the division of vocational rehabilitation of the
22 department of education, the department of public health, the
23 department of human services, the ~~governor's~~ Iowa developmental
24 disabilities council, the division of insurance of the
25 department of commerce, and the state board of regents shall
26 serve as ex officio members of the advisory council. Ex
27 officio members shall work together in a collaborative manner
28 to serve as a resource to the advisory council. The council
29 may also form workgroups as necessary to address specific
30 issues within the technical purview of individual members.

31 Sec. 35. Section 256C.5, subsection 2, paragraph a, Code
32 Supplement 2011, is amended to read as follows:

33 a. For the initial school year for which a school district
34 approved to participate in the preschool program receives that
35 approval and implements the preschool program, the funding for

1 the preschool foundation aid payable to that school district
2 shall be paid from the appropriation made for that school year
3 in section 256C.6, Code 2011, or in another appropriation
4 made for purposes of this chapter. For that school year, the
5 preschool foundation aid payable to the school district is
6 the product of the regular program state cost per pupil for
7 the school year multiplied by sixty percent of the school
8 district's eligible student enrollment on the date in the
9 school year determined by rule.

10 Sec. 36. Section 260H.2, Code Supplement 2011, is amended
11 to read as follows:

12 **260H.2 Pathways for academic career and employment program.**

13 A pathways for academic career and employment program is
14 established to provide funding to community colleges for the
15 development of projects in coordination with the economic
16 development authority, the department of education, ~~Iowa~~ the
17 department of workforce development, regional advisory boards
18 established pursuant to section 84A.4, and community partners
19 to implement a simplified, streamlined, and comprehensive
20 process, along with customized support services, to enable
21 eligible participants to acquire effective academic and
22 employment training to secure gainful, quality, in-state
23 employment.

24 Sec. 37. Section 260H.8, Code Supplement 2011, is amended
25 to read as follows:

26 **260H.8 Rules.**

27 The department of education, in consultation with the
28 community colleges, the economic development authority, and
29 ~~Iowa~~ the department of workforce development, shall adopt
30 rules pursuant to chapter 17A and this chapter to implement
31 the provisions of this chapter. Regional advisory boards
32 established pursuant to section 84A.4 shall be consulted in the
33 development and implementation of rules to be adopted pursuant
34 to this chapter.

35 Sec. 38. Section 273.2, subsection 3, Code Supplement 2011,

1 is amended to read as follows:

2 3. The area education agency board shall furnish
3 educational services and programs as provided in sections
4 273.1, this section, sections 273.3 to 273.9, and chapter 256B
5 to the pupils enrolled in public or nonpublic schools located
6 within its boundaries which are on the list of accredited
7 schools pursuant to section 256.11. The programs and services
8 provided shall be at least commensurate with programs and
9 services existing on July 1, 1974. The programs and services
10 provided to pupils enrolled in nonpublic schools shall be
11 comparable to programs and services provided to pupils enrolled
12 in public schools within constitutional guidelines.

13 Sec. 39. Section 273.3, subsections 2 and 12, Code
14 Supplement 2011, are amended to read as follows:

15 2. Be authorized to receive and expend money for providing
16 programs and services as provided in sections 273.1, 273.2,
17 this section, sections 273.4 to 273.9, and chapters 256B
18 and 257. All costs incurred in providing the programs and
19 services, including administrative costs, shall be paid from
20 funds received pursuant to sections 273.1 to 273.9 and chapters
21 256B and 257.

22 12. Prepare an annual budget estimating income and
23 expenditures for programs and services as provided in sections
24 273.1, 273.2, this section, sections 273.4 to 273.9, and
25 chapter 256B within the limits of funds provided under section
26 256B.9 and chapter 257. The board shall give notice of a
27 public hearing on the proposed budget by publication in an
28 official county newspaper in each county in the territory
29 of the area education agency in which the principal place
30 of business of a school district that is a part of the area
31 education agency is located. The notice shall specify the
32 date, which shall be not later than March 1 of each year, the
33 time, and the location of the public hearing. The proposed
34 budget as approved by the board shall then be submitted to the
35 state board of education, on forms provided by the department,

1 no later than March 15 preceding the next fiscal year for
2 approval. The state board shall review the proposed budget of
3 each area education agency and shall before April 1, either
4 grant approval or return the budget without approval with
5 comments of the state board included. An unapproved budget
6 shall be resubmitted to the state board for final approval not
7 later than April 15. For the fiscal year beginning July 1,
8 1999, and each succeeding fiscal year, the state board shall
9 give final approval only to budgets submitted by area education
10 agencies accredited by the state board or that have been given
11 conditional accreditation by the state board.

12 Sec. 40. Section 280.13C, subsection 3, Code Supplement
13 2011, is amended to read as follows:

14 3. ~~a.~~ A student who has been removed from participation
15 shall not recommence such participation until the student has
16 been evaluated by a licensed health care provider trained in
17 the evaluation and management of concussions and other brain
18 injuries and the student has received written clearance to
19 return to participation from the health care provider.

20 ~~b.~~ 4. For the purposes of this section, ~~a "licensed health~~
21 ~~care provider":~~

22 a. "Extracurricular interscholastic activity" means any
23 extracurricular interscholastic activity, contest, or practice,
24 including sports, dance, or cheerleading.

25 b. "Licensed health care provider" means a physician,
26 physician assistant, chiropractor, advanced registered nurse
27 practitioner, nurse, physical therapist, or athletic trainer
28 licensed by a board designated under section 147.13.

29 ~~c.~~ For the purposes of this section, ~~an "extracurricular~~
30 ~~interscholastic activity" means any extracurricular~~
31 ~~interscholastic activity, contest, or practice, including~~
32 ~~sports, dance, or cheerleading.~~

33 Sec. 41. Section 313.3, subsection 1, paragraph d, Code
34 2011, is amended to read as follows:

35 *d.* All revenue accrued or accruing to the state of Iowa

1 on or after January 26, 1949, from the sale of public lands
2 within the state, under Acts of Congress approved March 3,
3 1845, supplemental to the Act for the ~~admission~~ Admission of
4 the ~~states~~ States of Iowa and Florida into the Union, chapters
5 75 and 76 (~~Fifth Statutes, pages 788 and 790~~), 5 Stat. 788,
6 790, shall be placed in the primary road fund.

7 Sec. 42. Section 331.512, subsection 1, paragraph e, Code
8 2011, is amended to read as follows:

9 e. The levy for taxes for the ~~county~~ brucellosis and
10 tuberculosis eradication fund as provided in section 165.18.

11 Sec. 43. Section 331.559, subsection 2, Code 2011, is
12 amended to read as follows:

13 2. Collect the tax levied for the ~~county~~ brucellosis and
14 tuberculosis eradication fund as provided in section 165.18.

15 Sec. 44. Section 356.36, unnumbered paragraph 1, Code 2011,
16 is amended to read as follows:

17 The Iowa department of corrections, in consultation with
18 the Iowa state sheriff's association, the Iowa ~~association~~
19 ~~of chiefs of police and peace officers~~ association, the
20 Iowa league of cities, and the Iowa board of supervisors
21 association, shall draw up minimum standards for the regulation
22 of jails, alternative jails, facilities established pursuant to
23 chapter 356A and municipal holding facilities. When completed
24 by the department, the standards shall be adopted as rules
25 pursuant to chapter 17A.

26 Sec. 45. Section 356.37, Code 2011, is amended to read as
27 follows:

28 **356.37 Confinement and detention report — design proposals.**

29 The division of criminal and juvenile justice planning
30 of the department of human rights, in consultation with
31 the department of corrections, the Iowa county attorneys
32 association, the Iowa state sheriff's association, the Iowa
33 ~~association of chiefs of police and peace officers~~ association,
34 a statewide organization representing rural property taxpayers,
35 the Iowa league of cities, and the Iowa board of supervisors

1 association, shall prepare a report analyzing the confinement
2 and detention needs of jails and facilities established
3 pursuant to this chapter and chapter 356A. The report for each
4 type of jail or facility shall include but is not limited to
5 an inventory of prisoner space, daily prisoner counts, options
6 for detention of prisoners with mental illness or substance
7 abuse service needs, and the compliance status under section
8 356.36 for each jail or facility. The report shall contain an
9 inventory of recent jail or facility construction projects in
10 which voters have approved the issuance of general obligation
11 bonds, essential county purpose bonds, revenue bonds, or
12 bonds issued pursuant to chapter 423B. The report shall be
13 revised periodically as directed by the administrator of the
14 division of criminal and juvenile justice planning. The first
15 submission of the report shall include recommendations on
16 offender data needed to estimate jail space needs in the next
17 two, three, and five years, on a county, geographic region, and
18 statewide basis, which may be based upon information submitted
19 pursuant to section 356.49.

20 Sec. 46. Section 403.21, subsection 3, Code Supplement
21 2011, is amended to read as follows:

22 3. The community college shall send a copy of the final
23 agreement prepared pursuant to section 260F.3 to the economic
24 development authority. For each year in which incremental
25 property taxes are used to retire debt service on a jobs
26 training advance issued for a project creating new jobs, the
27 community college shall provide to the economic development
28 authority a report of the incremental property taxes and new
29 jobs credits from withholding generated for that year, a
30 specific description of the training conducted, the number of
31 employees provided program services under the project, ~~and~~ the
32 median wage of employees in the new jobs in the project, and
33 the administrative costs directly attributable to the project.

34 Sec. 47. Section 410.1, unnumbered paragraph 5, Code 2011,
35 is amended to read as follows:

1 The provisions of this chapter shall not apply to police
2 officers and fire fighters who entered employment after March
3 2, 1934, except that any police officer or fire fighter who
4 had been making payments of membership fees and assessments as
5 provided in section 410.5 prior to July 1, 1971, shall on July
6 1, 1973, be fully restored and entitled to all pension rights
7 and benefits, vested or not vested, under this chapter if the
8 city has not returned to such police officer or fire fighter
9 the membership fees and assessments paid by the police officer
10 or fire fighter prior to July 1, 1971, and if such police
11 officer or fire fighter pays to the city within six months
12 after July 1, 1973, the amount of the fees and assessments
13 that the police officer or fire fighter would have paid to the
14 police officers' or fire fighters' pension fund from July 1,
15 1971, to July 1, 1973, if 1971 Iowa Acts of the 1971 Session,
16 ~~Sixty-fourth General Assembly~~, ch. 108, had not been adopted.
17 If the membership fees and assessments paid by such police
18 officer or fire fighter prior to July 1, 1971, have been
19 returned to the police officer or fire fighter, all pension
20 rights and benefits, vested or not vested, under this chapter
21 shall be fully restored to the police officer or fire fighter
22 on July 1, 1973, if, within six months after July 1, 1973, such
23 police officer or fire fighter repays the fees and assessments
24 so returned and pays the amount of the fees and assessments to
25 the city that the police officer or fire fighter would have
26 paid to the appropriate pension fund from July 1, 1971, to
27 July 1, 1973, if 1971 Iowa Acts of the Sixty-fourth General
28 ~~Assembly, 1971 Session~~, ch. 108 had not been adopted.

29 Sec. 48. Section 411.36, subsection 1, paragraph a,
30 subparagraph (1), Code 2011, is amended to read as follows:

31 (1) Two fire fighters from different participating cities,
32 one of whom is an active member of the retirement system and
33 one of whom is a retired member. The fire fighters shall be
34 appointed by the governing body of the Iowa ~~association of~~
35 professional fire fighters.

1 Sec. 49. Section 437A.3, subsection 14, Code Supplement
2 2011, is amended to read as follows:

3 14. a. "Local amount" means the first forty-four million
4 four hundred forty-four thousand four hundred forty-five
5 dollars of the acquisition cost of any major addition which is
6 an electric power generating plant and the total acquisition
7 cost of any other major addition.

8 b. "Local amount" for the purposes of determining the local
9 taxable value for a new electric power generating plant shall
10 annually be determined to be equal up to the first forty-four
11 million four hundred forty-four thousand four hundred
12 forty-five dollars of the taxable value of the new electric
13 power generating plant. "Local amount" for the purposes
14 of determining the local assessed value for a new electric
15 power generating plant shall be annually determined to be the
16 percentage share of the taxable value of the new electric power
17 generating plant allocated as the local amount multiplied by
18 the total assessed value of the new electric power generating
19 plant.

20 Sec. 50. Section 437A.3, subsection 18, paragraph b, Code
21 Supplement 2011, is amended to read as follows:

22 b. (1) Any acquisition on or after January 1, 2004, by
23 a taxpayer, by transfer of ownership, self-construction,
24 or capital lease of any interest in electric transmission
25 operating property within a local taxing district where the
26 acquisition cost of all interests acquired exceeds one million
27 dollars.

28 (2) For purposes of this chapter, the acquisition cost of
29 an asset acquired by capital lease is its capitalized value
30 determined under generally accepted accounting principles.

31 Sec. 51. Section 451.1, subsection 3, Code 2011, is amended
32 to read as follows:

33 3. "Federal Estate Tax Act" and all such similar terms,
34 means ~~Title~~ Tit. III of chapter 27 of the Acts of the
35 Sixty-ninth Congress of the United States, first session,

1 appearing in 44 ~~Statutes at Large~~ Stat., chapter ch. 27, as of
2 January 1, 2000, as amended.

3 Sec. 52. Section 452A.5, Code 2011, is amended to read as
4 follows:

5 **452A.5 Distribution allowance.**

6 1. A supplier shall retain a distribution allowance of not
7 more than one and six-tenths percent of all gallons of motor
8 fuel and a distribution allowance of not more than seven-tenths
9 percent of all gallons of undyed special fuel removed from
10 the terminal during the reporting period for purposes of tax
11 computation under section 452A.8.

12 2. The distribution allowance shall be prorated between the
13 supplier and the distributor or dealer as follows:

14 ~~1.~~ a. Motor fuel: four-tenths percent retained by the
15 supplier, one and two-tenths percent to the distributor.

16 ~~2.~~ b. Undyed special fuel: thirty-five hundredths percent
17 retained by the supplier, thirty-five hundredths percent to the
18 distributor or dealer purchasing directly from a supplier.

19 3. Gallons exported outside of the state shall not be
20 included in the calculation of the distribution.

21 Sec. 53. Section 452A.8, subsection 2, paragraph e, Code
22 2011, is amended to read as follows:

23 e. (1) The tax for compressed natural gas and liquefied
24 petroleum gas delivered by a licensed compressed natural gas
25 or liquefied petroleum gas dealer for use in this state shall
26 attach at the time of the delivery and shall be collected by
27 the dealer from the consumer and paid to the department as
28 provided in this chapter. The tax, with respect to compressed
29 natural gas and liquefied petroleum gas acquired by a consumer
30 in any manner other than by delivery by a licensed compressed
31 natural gas or liquefied petroleum gas dealer into a fuel
32 supply tank of a motor vehicle, attaches at the time of the use
33 of the fuel and shall be paid over to the department by the
34 consumer as provided in this chapter.

35 (2) The department shall adopt rules governing the

1 dispensing of compressed natural gas and liquefied petroleum
2 gas by licensed dealers and licensed users. The director may
3 require by rule that reports and returns be filed by electronic
4 transmission. For purposes of this paragraph *"e"*, *"dealer"*
5 and *"user"* mean a licensed compressed natural gas or liquefied
6 petroleum gas dealer or user and *"fuel"* means compressed natural
7 gas or liquefied petroleum gas. The department shall require
8 that all pumps located at dealer locations and user locations
9 through which liquefied petroleum gas can be dispensed shall
10 be metered, inspected, tested for accuracy, and sealed and
11 licensed by the state department of agriculture and land
12 stewardship, and that fuel delivered into the fuel supply
13 tank of any motor vehicle shall be dispensed only through
14 tested metered pumps and may be sold without temperature
15 correction or corrected to a temperature of sixty degrees. If
16 the metered gallonage is to be temperature-corrected, only a
17 temperature-compensated meter shall be used. Natural gas used
18 as fuel shall be delivered into compressing equipment through
19 sealed meters certified for accuracy by the department of
20 agriculture and land stewardship.

21 (3) (a) All gallonage which is not for highway use,
22 dispensed through metered pumps as licensed under this section
23 on which fuel tax is not collected, must be substantiated by
24 exemption certificates as provided by the department or by
25 valid exemption certificates provided by the dealers, signed by
26 the purchaser, and retained by the dealer. A *"valid exemption
27 certificate provided by a dealer"* is an exemption certificate
28 which is in the form prescribed by the director to assist a
29 dealer to properly account for fuel dispensed for which tax is
30 not collected and which is complete and correct according to
31 the requirements of the director.

32 (b) For the privilege of purchasing liquefied petroleum
33 gas, dispensed through licensed metered pumps, on a basis
34 exempt from the tax, the purchaser shall sign exemption
35 certificates for the gallonage claimed which is not for highway

1 use.

2 (c) The department shall disallow all sales of gallonage
3 which is not for highway use unless proof is established by the
4 certificate. Exemption certificates shall be retained by the
5 dealer for a period of three years.

6 ~~(1)~~ (4) (a) For the purpose of determining the amount
7 of liability for fuel tax, each dealer and each user shall
8 file with the department not later than the last day of the
9 month following the month in which this division becomes
10 effective and not later than the last day of each calendar
11 month thereafter a monthly tax return certified under penalties
12 for false certification. The return shall show, with reference
13 to each location at which fuel is delivered or placed by the
14 dealer or user into a fuel supply tank of any motor vehicle
15 during the next preceding calendar month, information as
16 required by the department.

17 ~~(2)~~ (b) The amount of tax due shall be computed by
18 multiplying the appropriate tax rate per gallon by the number
19 of gallons of fuel delivered or placed by the dealer or user
20 into supply tanks of motor vehicles.

21 ~~(3)~~ (c) The return shall be accompanied by remittance in
22 the amount of the tax due for the month in which the fuel was
23 placed into the supply tanks of motor vehicles.

24 Sec. 54. Section 453A.13, subsection 4, paragraph a,
25 unnumbered paragraph 1, Code Supplement 2011, is amended to
26 read as follows:

27 An unrevoked permit for which the holder has paid the full
28 annual fee may be surrendered during the first nine months of
29 said year to the officer issuing it, and the department, or the
30 city or county granting the permit shall make refunds to the
31 ~~said~~ holder as follows:

32 Sec. 55. Section 453A.13, subsection 4, paragraphs b and c,
33 Code Supplement 2011, are amended to read as follows:

34 *b.* An unrevoked permit for which the holder has paid
35 three-fourths of a full annual fee may be so surrendered during

1 the first six months of the period covered by said payment and
2 the ~~said~~ department, city, or county shall make refunds to the
3 holder as follows:

4 (1) A sum equal to one-half of an annual fee if the
5 surrender is made during October, November, or December.

6 (2) A sum equal to one-fourth of an annual fee if the
7 surrender is made during January, February, or March.

8 c. An unrevoked permit for which the holder has paid
9 one-half of a full annual fee may be surrendered during the
10 first three months of the period covered by that payment, and
11 the department, city, or county, shall refund to the holder a
12 sum equal to one-fourth of an annual fee.

13 Sec. 56. Section 455B.171, subsection 32, Code Supplement
14 2011, is amended to read as follows:

15 32. "*Sewage sludge*" means any solid, semisolid, or liquid
16 residue removed during the treatment of municipal waste water
17 or domestic sewage. "*Sewage sludge*" includes but is not limited
18 to solids removed during primary, secondary, or advanced waste
19 water treatment, scum septage, portable toilet pumpings, type
20 III marine device pumpings as defined in 33 C.F.R. ~~part~~ ch. 1,
21 subch. 0, pt. 159, and sewage sludge products. "*Sewage sludge*"
22 does not include grit, screenings, or ash generated during the
23 incineration of sewage sludge.

24 Sec. 57. Section 455B.261, subsection 7, Code 2011, is
25 amended to read as follows:

26 7. "*Established average minimum flow*" means the average
27 minimum flow for a given watercourse at a given point
28 determined and established by the commission.

29 a. The "average minimum flow" for a given watercourse shall
30 be determined by the following factors:

31 ~~a.~~ (1) Average of minimum daily flows occurring during
32 the preceding years chosen by the commission as more nearly
33 representative of changing conditions and needs of a given
34 drainage area at a particular time.

35 ~~b.~~ (2) Minimum daily flows shown by experience to be the

1 limit at which further withdrawals would be harmful to the
2 public interest in any particular drainage area.

3 ~~e.~~ (3) The minimum daily flows shown by established
4 discharge records and experiences to be definitely harmful to
5 the public interest.

6 b. The determination shall be based upon available data,
7 supplemented, when available data are incomplete, with whatever
8 evidence is available.

9 Sec. 58. Section 455B.423, subsection 2, paragraph a,
10 subparagraph (6), Code Supplement 2011, is amended to read as
11 follows:

12 (6) Through agreements or contracts with other state
13 agencies, to work with private industry to develop alternatives
14 to land disposal of hazardous waste or hazardous substances
15 including but not limited to resource recovery, recycling,
16 neutralization, and reduction.

17 Sec. 59. Section 455B.471, subsection 11, Code Supplement
18 2011, is amended to read as follows:

19 11. *a.* "Underground storage tank" means one or a
20 combination of tanks, including underground pipes connected
21 to the tanks which are used to contain an accumulation of
22 regulated substances and the volume of which, including the
23 volume of the underground pipes, is ten percent or more beneath
24 the surface of the ground.

25 b. (1) "Underground storage tank" does not include:

26 ~~(1)~~ (a) Farm or residential tanks of one thousand one
27 hundred gallons or less capacity used for storing motor fuel
28 for noncommercial purposes.

29 ~~(2)~~ (b) Tanks used for storing heating oil for consumptive
30 use on the premises where stored.

31 ~~(3)~~ (c) Residential septic tanks.

32 ~~(4)~~ (d) Pipeline facilities regulated under the Natural
33 Gas Pipeline Safety Act of 1968, as amended to January 1, 1985,
34 codified at 49 U.S.C. § 1671 et seq., the Hazardous Liquid
35 Pipeline Safety Act of 1979, as amended to January 1, 1985,

1 codified at 49 U.S.C. § 2001 et seq., or an intrastate pipeline
2 facility regulated under chapter 479.

3 ~~(5)~~ (e) A surface impoundment, pit, pond, or lagoon.

4 ~~(6)~~ (f) A storm water or wastewater collection system.

5 ~~(7)~~ (g) A flow-through process tank.

6 ~~(8)~~ (h) A liquid trap or associated gathering lines
7 directly related to oil or gas production and gathering
8 operations.

9 ~~(9)~~ (i) A storage tank situated in an underground area
10 including but not limited to a basement, cellar, mineworking,
11 drift, shaft, or tunnel if the storage tank is situated upon or
12 above the surface of the floor.

13 ~~b.~~ (2) "Underground storage tank" does not include
14 pipes connected to a tank described in paragraph "a" "b",
15 ~~subparagraphs~~ subparagraph (1) ~~through (9)~~.

16 Sec. 60. Section 455B.474, subsection 1, paragraph a,
17 subparagraph (6), subparagraph division (g), Code Supplement
18 2011, is amended to read as follows:

19 (g) An owner or operator may elect to proceed with
20 additional corrective action on the site. However, any action
21 taken in addition to that required pursuant to this ~~paragraph~~
22 "a", subparagraph (6), shall be solely at the expense of the
23 owner or operator and shall not be considered corrective action
24 for purposes of section 455G.9, unless otherwise previously
25 agreed to by the board and the owner or operator pursuant to
26 section 455G.9, subsection 7. Corrective action taken by an
27 owner or operator due to the department's failure to meet the
28 time requirements provided in subparagraph division (e) shall
29 be considered corrective action for purposes of section 455G.9.

30 Sec. 61. Section 455B.474, subsection 1, paragraph a,
31 subparagraph (8), subparagraph division (c), Code Supplement
32 2011, is amended to read as follows:

33 (c) A certificate shall be recorded with the county
34 recorder. The owner or operator of a site who has been issued
35 a certificate under this ~~paragraph~~ "a", subparagraph (8), or

1 a subsequent purchaser of the site shall not be required to
2 perform further corrective action because action standards are
3 changed at a later date. A certificate shall not prevent the
4 department from ordering corrective action of a new release.

5 Sec. 62. Section 455B.474, subsection 2, paragraph a,
6 subparagraph (2), Code Supplement 2011, is amended to read as
7 follows:

8 (2) A person who establishes financial responsibility
9 by self-insurance shall not require or shall not enforce an
10 indemnification agreement with an operator or owner of the tank
11 covered by the self-insurance obligation, unless the owner
12 or operator has committed a substantial breach of a contract
13 between the self-insurer and the owner or operator, and that
14 substantial breach relates directly to the operation of the
15 tank in an environmentally sound manner. This ~~paragraph~~
16 subparagraph applies to all contracts between a self-insurer
17 and an owner or operator entered into on or after May 5, 1989.

18 Sec. 63. Section 456A.33B, subsection 2, paragraph c,
19 subparagraph (4), unnumbered paragraph 1, Code Supplement 2011,
20 is amended to read as follows:

21 Delivery of ~~phosphorous~~ phosphorus and sediment from
22 the watershed will be controlled and in place before lake
23 restoration begins. Loads of ~~phosphorous~~ phosphorus and
24 sediment, in conjunction with in-lake management, will meet or
25 exceed the following water quality targets:

26 Sec. 64. Section 462A.52, subsection 3, Code 2011, is
27 amended to read as follows:

28 3. The commission shall submit a written report to the
29 general assembly by December 31, 2007, and by December 31 of
30 each year thereafter through December 31, 2013, summarizing the
31 activities of the department in administering and enforcing
32 programs to control aquatic invasive species and administering
33 and enforcing navigation laws and water safety upon the inland
34 waters of the state. The report shall include information
35 concerning the amount of revenues collected pursuant to this

1 section as a result of fee increases pursuant to 2005 Iowa
2 Acts, ch. 137, and how the revenues were expended. The report
3 shall also include information concerning the amount and source
4 of all other funds expended by the commission during the year
5 for the purposes of administering and enforcing programs
6 to control aquatic invasive species and administering and
7 enforcing navigation laws and water safety upon the inland
8 waters of the state and how the funds were expended.

9 Sec. 65. Section 466B.3, subsection 4, paragraph k,
10 unnumbered paragraph 1, Code Supplement 2011, is amended to
11 read as follows:

12 The secretary of agriculture, who shall be the chairperson,
13 or the secretary's designee. As the chairperson, and in
14 order to further the coordination efforts of the council, the
15 secretary may invite representatives from any other public
16 agency, private organization, business, citizen group, or
17 nonprofit entity to give public input at council meetings,
18 provided the entity has an interest in the coordinated
19 management of land resources, soil conservation, flood
20 mitigation, or water quality. The secretary shall also invite
21 and solicit advice from the following:

22 Sec. 66. Section 468.174, Code 2011, is amended to read as
23 follows:

24 **468.174 Membership in the national drainage association.**

25 1. Any drainage district may join and become a member of
26 the national drainage association. A drainage district may
27 pay a membership fee and annual dues upon the approval of the
28 drainage board of such district, but not in excess of the
29 following:

30 a. One hundred dollars for drainage districts having
31 indebtedness in excess of one million dollars.

32 b. Fifty dollars for drainage districts having an
33 indebtedness of five hundred thousand dollars and less than one
34 million dollars.

35 c. Twenty-five dollars for drainage districts having an

1 indebtedness of two hundred fifty thousand dollars and less
2 than five hundred thousand dollars.

3 d. Ten dollars for drainage districts having an indebtedness
4 less than two hundred fifty thousand dollars.

5 2. The annual dues for any district shall not exceed
6 one-twentieth of one percent of the outstanding indebtedness of
7 the district.

8 Sec. 67. Section 476.1, Code 2011, is amended to read as
9 follows:

10 **476.1 Applicability of authority.**

11 1. The utilities board within the utilities division of the
12 department of commerce shall regulate the rates and services of
13 public utilities to the extent and in the manner hereinafter
14 provided.

15 2. As used in this chapter, "*board*" or "*utilities board*"
16 means the utilities board within the utilities division of the
17 department of commerce.

18 3. As used in this chapter, "*public utility*" shall include
19 any person, partnership, business association, or corporation,
20 domestic or foreign, owning or operating any facilities for:

21 ~~1-~~ a. Furnishing gas by piped distribution system or
22 electricity to the public for compensation.

23 ~~2-~~ b. Furnishing communications services to the public for
24 compensation.

25 ~~3-~~ c. Furnishing water by piped distribution system to the
26 public for compensation.

27 4. Mutual telephone companies in which at least fifty
28 percent of the users are owners, cooperative telephone
29 corporations or associations, telephone companies having less
30 than fifteen thousand customers and less than fifteen thousand
31 access lines, municipally owned utilities, and unincorporated
32 villages which own their own distribution systems are not
33 subject to the rate regulation provided for in this chapter.

34 5. This chapter does not apply to waterworks having less
35 than two thousand customers, municipally owned waterworks,

1 joint water utilities established pursuant to chapter 389,
2 rural water districts incorporated and organized pursuant
3 to chapters 357A and 504, cooperative water associations
4 incorporated and organized pursuant to chapter 499, or to
5 a person furnishing electricity to five or fewer customers
6 either by secondary line or from an alternate energy production
7 facility or small hydro facility, from electricity that is
8 produced primarily for the person's own use.

9 6. A telephone company otherwise exempt from rate
10 regulation and having telephone exchange facilities which cross
11 state lines may elect, in a writing filed with the board, to
12 have its rates regulated by the board. When a written election
13 has been filed with the board, the board shall assume rate
14 regulation jurisdiction over the company.

15 7. The jurisdiction of the board under this chapter
16 shall include efforts designed to promote the use of energy
17 efficiency strategies by rate or service-regulated gas and
18 electric utilities.

19 Sec. 68. Section 476.1D, subsection 1, paragraph c,
20 subparagraph (3), Code Supplement 2011, is amended to read as
21 follows:

22 (3) Effective July 1, 2008, the retail rate jurisdiction
23 of the board shall not be applicable to single line flat-rated
24 residential and business service rates unless the board during
25 the first six calendar months of 2008 extends its retail rate
26 jurisdiction over single line flat-rated residential and
27 business service rates provided by a previously rate-regulated
28 telephone utility. The board may extend its jurisdiction
29 pursuant to this ~~paragraph~~ subparagraph for not more than two
30 years and may do so only after the board finds that such action
31 is necessary for the public interest. The board shall provide
32 the general assembly with a copy of any order to extend its
33 jurisdiction and shall permit any telephone utility subject to
34 the extension to increase single line flat-rated residential
35 and business monthly service rates by an amount up to two

1 dollars during each twelve-month period of the extension. If a
2 telephone utility fails to impose such a rate increase during
3 any twelve-month period, the utility may not impose the unused
4 increase in any subsequent year.

5 Sec. 69. Section 499.47B, subsection 3, paragraph a, Code
6 Supplement 2011, is amended to read as follows:

7 a. Except as provided in paragraph "b", the sale, lease,
8 exchange, or other disposition must be approved by a two-thirds
9 vote of the members in which vote a majority of all voting
10 members participate.

11 Sec. 70. Section 499.47B, subsection 3, paragraph b,
12 subparagraph (1), Code Supplement 2011, is amended to read as
13 follows:

14 (1) If the cooperative association's articles of
15 incorporation require approval by more than two-thirds of
16 its members in which vote a majority of all voting members
17 participate, the sale, lease, exchange, or other disposition
18 must be approved by the greater number as provided in the
19 articles of incorporation.

20 Sec. 71. Section 499.64, subsection 2, paragraph a, Code
21 Supplement 2011, is amended to read as follows:

22 a. Except as provided in paragraph "b", the proposed plan of
23 merger or consolidation must be approved by a two-thirds vote
24 of the members in which vote a majority of all voting members
25 participate.

26 Sec. 72. Section 499.64, subsection 2, paragraph b,
27 subparagraph (1), Code Supplement 2011, is amended to read as
28 follows:

29 (1) If the cooperative association's articles of
30 incorporation require approval by more than two-thirds of
31 its members in which vote a majority of all voting members
32 participate, the proposed plan of merger or consolidation must
33 be approved by the greater number as provided in the articles
34 of incorporation.

35 Sec. 73. Section 501.203, subsection 4, Code Supplement

1 2011, is amended to read as follows:

2 4. If the board does not recommend the amendment or
3 restatement to the members, then the amendment or restatement
4 must be adopted by the members by a vote of two-thirds of the
5 votes cast in which vote a majority of all votes are cast.

6 Sec. 74. Section 501.204, Code Supplement 2011, is amended
7 to read as follows:

8 **501.204 Bylaws.**

9 The board may adopt or amend the cooperative's bylaws by a
10 vote of three-fourths of the board. The members may adopt or
11 amend the cooperative's bylaws by a vote of three-fourths of
12 the votes cast in which vote a majority of all votes are cast.
13 A bylaw provision adopted by the members shall not be amended
14 or repealed by the directors.

15 Sec. 75. Section 501.601, subsection 2, paragraph b, Code
16 Supplement 2011, is amended to read as follows:

17 b. The members must approve the plan of conversion by ~~the~~ a
18 vote of two-thirds of the votes cast in which vote a majority
19 of all votes are cast.

20 Sec. 76. Section 501.603, subsection 2, Code Supplement
21 2011, is amended to read as follows:

22 2. A cooperative may sell, lease, exchange, or otherwise
23 dispose of all, or substantially all, of its property, with
24 or without the goodwill, on the terms and conditions and for
25 the consideration determined by the board, which consideration
26 may include the interests of another cooperative, if the board
27 recommends the proposed transaction to the members, and the
28 members approve it by ~~the~~ a vote of two-thirds of the votes
29 cast in which vote a majority of all votes are cast. The board
30 may condition its submission of the proposed transaction on any
31 basis.

32 Sec. 77. Section 501.614, subsection 2, Code Supplement
33 2011, is amended to read as follows:

34 2. At the meeting, a vote of the members who are entitled
35 to vote in the affairs of the association shall be taken on

1 the proposed plan of merger or consolidation. The plan of
2 merger or consolidation shall be approved if two-thirds of
3 the members vote affirmatively ~~in which~~ and a majority of all
4 voting members participate in the voting.

5 Sec. 78. Section 509B.1, subsection 6, Code 2011, is amended
6 to read as follows:

7 6. "*Medicare*" means ~~Title~~ Tit. XVIII of the United States
8 Social Security Act.

9 Sec. 79. Section 513C.3, subsection 14, paragraph a, Code
10 2011, is amended to read as follows:

11 a. Loss of eligibility for medical assistance provided
12 pursuant to chapter 249A or Medicare coverage provided pursuant
13 to ~~Title~~ Tit. XVIII of the federal Social Security Act.

14 Sec. 80. Section 514G.103, subsection 16, paragraph a,
15 subparagraph (2), Code 2011, is amended to read as follows:

16 (2) The contract does not pay or reimburse expenses incurred
17 for services or items to the extent that the expenses are
18 reimbursable under ~~Title~~ Tit. XVIII of the federal Social
19 Security Act, as amended, or would be reimbursable but for
20 the application of a deductible or coinsurance amount. The
21 requirements of this subparagraph do not apply to expenses that
22 are reimbursable under ~~Title~~ Tit. XVIII of the federal Social
23 Security Act only as a secondary payor. A contract does not
24 fail to satisfy the requirements of this subparagraph because
25 payments are made on a per diem or other periodic basis without
26 regard to the expenses incurred during the period to which the
27 payments relate.

28 Sec. 81. Section 524.221, subsection 3, Code Supplement
29 2011, is amended to read as follows:

30 3. The provisions of this section, insofar as applicable,
31 shall apply to the records of a national bank or a federally
32 chartered savings bank or a federally ~~chartered~~ chartered savings
33 and loan association.

34 Sec. 82. Section 558.66, subsection 3, paragraph b,
35 subparagraph (2), Code Supplement 2011, is amended to read as

1 follows:

2 (2) The name of the surviving joint tenant or owner of the
3 remainder interest, as applicable, in whose name the county
4 records should reflect ownership of title.

5 Sec. 83. Section 602.4201, subsection 3, paragraph h, Code
6 2011, as amended by 2011 Iowa Acts, chapter 121, section 60,
7 is amended to read as follows:

8 *h.* Involuntary commitment or treatment of persons with a
9 substance-related disorders.

10 Sec. 84. Section 634A.1, subsection 1, paragraph a, Code
11 2011, is amended to read as follows:

12 *a.* Is considered to be a person with a disability under the
13 disability criteria specified in ~~Title~~ Tit. II or ~~Title~~ Tit.
14 XVI of the federal Social Security Act.

15 Sec. 85. Section 714G.8, subsection 4, Code 2011, is amended
16 to read as follows:

17 4. Child support enforcement officials when investigating a
18 child support case pursuant to ~~Title~~ Tit. IV-D or ~~Title~~ Tit.
19 XIX of the federal Social Security Act.

20 Sec. 86. Section 717.5, subsection 3, paragraph a,
21 subparagraph (1), Code Supplement 2011, is amended to read as
22 follows:

23 (1) For livestock neglected under section 717.2, the
24 amount shall not be more than for expenses incurred by the
25 local authority in maintaining and disposing of the neglected
26 livestock rescued pursuant to section 717.2A, and reasonable
27 attorney fees and expenses related to the investigation of the
28 case. The remaining amount of a bond or other security posted
29 pursuant to subsection 1 shall be used to reimburse the local
30 authority.

31 DIVISION II

32 VOLUME V RENUMBERING

33 Sec. 87. Section 490.202, subsection 2, paragraph d, Code
34 2011, is amended to read as follows:

35 *d.* (1) A provision eliminating or limiting the liability

1 of a director to the corporation or its shareholders for
2 money damages for any action taken, or any failure to take
3 any action, as a director, except liability for any of the
4 following:

5 ~~(1)~~ (a) The amount of a financial benefit received by a
6 director to which the director is not entitled.

7 ~~(2)~~ (b) An intentional infliction of harm on the
8 corporation or the shareholders.

9 ~~(3)~~ (c) A violation of section 490.833.

10 ~~(4)~~ (d) An intentional violation of criminal law.

11 (2) A provision shall not eliminate or limit the liability
12 of a director for an act or omission occurring prior to the
13 date when the provision in the articles of incorporation
14 becomes effective.

15 Sec. 88. Section 490.1110, subsection 2, Code 2011, is
16 amended to read as follows:

17 2. a. This section does not apply in any of the following
18 circumstances:

19 ~~a.~~ (1) The corporation does not have a class of voting
20 stock that is listed on a national securities exchange,
21 authorized for quotation on the national association
22 of securities dealers automated quotations – national
23 market system, or held of record by more than two thousand
24 shareholders, unless any of the foregoing results from action
25 taken, directly or indirectly, by an interested shareholder
26 or from a transaction in which a person becomes an interested
27 shareholder.

28 ~~b.~~ (2) The corporation's original articles of incorporation
29 contain a provision expressly electing not to be governed by
30 this section.

31 ~~c.~~ (3) The corporation, by action of its board of
32 directors, adopts an amendment to its bylaws by no later than
33 September 29, 1997, expressly electing not to be governed by
34 this section, which amendment shall not be further amended by
35 the board of directors.

1 ~~d.~~ (4) (a) The corporation, by action of its shareholders,
2 adopts an amendment to its articles of incorporation or bylaws
3 expressly electing not to be governed by this section, provided
4 that, in addition to any other vote required by law, such
5 amendment to the articles of incorporation or bylaws must be
6 approved by the affirmative vote of a majority of the shares
7 entitled to vote. An amendment adopted pursuant to this
8 ~~paragraph~~ subparagraph is effective immediately in the case of
9 a corporation that has never had a class of voting stock that
10 falls within any of the three categories set out in ~~paragraph~~
11 ~~"a"~~ subparagraph (1) and has not elected by a provision in its
12 original articles of incorporation or any amendment to such
13 articles to be governed by this section. In all other cases,
14 an amendment adopted pursuant to this ~~paragraph~~ subparagraph
15 is not effective until twelve months after the adoption of
16 the amendment and does not apply to any business combination
17 between the corporation and any person who became an interested
18 shareholder of the corporation on or prior to such adoption.

19 (b) An amendment to the bylaws adopted pursuant to this
20 ~~paragraph~~ subparagraph shall not be further amended by the
21 board of directors.

22 ~~e.~~ (5) A shareholder becomes an interested shareholder
23 inadvertently and both of the following apply:

24 ~~(1)~~ (a) As soon as practicable the shareholder divests
25 itself of ownership of sufficient shares so that the
26 shareholder ceases to be an interested shareholder.

27 ~~(2)~~ (b) The shareholder would not, at any time within the
28 three-year period immediately prior to a business combination
29 between the corporation and such shareholder, have been an
30 interested shareholder but for the inadvertent acquisition of
31 ownership.

32 ~~f.~~ ~~(1)~~ (6) (a) The business combination is proposed prior
33 to the consummation or abandonment of and subsequent to the
34 earlier of the public announcement or the notice required in
35 this ~~paragraph~~ subparagraph of a proposed transaction which

1 satisfies all of the following:

2 ~~(a)~~ (i) Constitutes a transaction described in
3 ~~subparagraph (2)~~ subparagraph division (b).

4 ~~(b)~~ (ii) Is with or by a person who either was not an
5 interested shareholder during the previous three years or who
6 became an interested shareholder with the approval of the
7 corporation's board of directors or who became an interested
8 shareholder during the time period described in ~~paragraph "g"~~
9 subparagraph (7).

10 ~~(c)~~ (iii) Is approved or not opposed by a majority of
11 the members of the board of directors then in office who
12 were directors prior to any person becoming an interested
13 shareholder during the previous three years, or who were
14 recommended for election or elected to succeed such directors
15 by a majority of such directors.

16 ~~(2)~~ (b) A proposed transaction under subparagraph ~~(1)~~
17 division (a) is limited to the following:

18 ~~(a)~~ (i) A merger of the corporation, other than a merger
19 pursuant to section 490.1105.

20 ~~(b)~~ (ii) A sale, lease, exchange, mortgage, pledge,
21 transfer, or other disposition, in one or more transactions
22 and whether as part of a dissolution or otherwise, of assets
23 of the corporation or of any direct or indirect majority-owned
24 subsidiary of the corporation, other than to a direct or
25 indirect wholly owned subsidiary of the corporation or to
26 the corporation itself, which has an aggregate market value
27 equal to fifty percent or more of either the aggregate market
28 value of all of the assets of the corporation determined on a
29 consolidated basis, or the aggregate market value of all the
30 outstanding stock of the corporation.

31 ~~(c)~~ (iii) A proposed tender or exchange offer for fifty
32 percent or more of the outstanding voting stock of the
33 corporation.

34 ~~(3)~~ (c) The corporation shall give no less than twenty
35 days' notice to all interested shareholders prior to

1 the consummation of any of the transactions described in
2 subparagraph ~~(2)~~ division (b), subparagraph ~~division (a) or (b)~~
3 subdivision (i) or (ii).

4 ~~g.~~ (7) The business combination is with an interested
5 shareholder who becomes an interested shareholder of the
6 corporation at a time when the corporation is not subject
7 to this section pursuant to ~~paragraph "a", "b", "c", or "d"~~
8 subparagraph (1), (2), (3), or (4).

9 b. Notwithstanding ~~paragraphs "a" through "d"~~
10 paragraph "a", subparagraphs (1) through (4), a corporation
11 may elect under its original articles of incorporation
12 or any amendment to such articles to be subject to this
13 section. However, such amendment shall not apply to restrict a
14 business combination between the corporation and an interested
15 shareholder of the corporation if the interested shareholder
16 became such prior to the effective date of the amendment.

17 Sec. 89. Section 490.1110, subsection 3, paragraph e, Code
18 2011, is amended to read as follows:

19 e. "*Interested shareholder*" means any person, other than
20 the corporation and any direct or indirect majority-owned
21 subsidiary of the corporation, that is the owner of ten percent
22 or more of the outstanding voting stock of the corporation, or
23 is an affiliate or associate of the corporation and was the
24 owner of ten percent or more of the outstanding voting stock
25 of the corporation at any time within the three-year period
26 immediately prior to the date on which it is sought to be
27 determined whether such person is an interested shareholder,
28 and the affiliates and associates of such person. "*Interested*
29 *shareholder*" does not include a person whose ownership of shares
30 in excess of the ten percent limitation is the result of action
31 taken solely by the corporation, provided that such person
32 is an interested shareholder if, after such action by the
33 corporation, the person acquires additional shares of voting
34 stock of the corporation, other than as a result of further
35 corporate action not caused, directly or indirectly, by such

1 person. For purposes of determining whether a person is an
2 interested shareholder, the outstanding voting stock of the
3 corporation does not include any other unissued stock of the
4 corporation which may be issuable pursuant to any agreement,
5 arrangement, or understanding, or upon exercise of conversion
6 rights, warrants, or options, or otherwise.

7 ~~For purposes of determining whether a person is an~~
8 ~~interested shareholder, the outstanding voting stock of the~~
9 ~~corporation does not include any other unissued stock of the~~
10 ~~corporation which may be issuable pursuant to any agreement,~~
11 ~~arrangement, or understanding, or upon exercise of conversion~~
12 ~~rights, warrants, or options, or otherwise.~~

13 Sec. 90. Section 491.102, Code 2011, is amended to read as
14 follows:

15 **491.102 Procedure for merger.**

16 1. Any two or more corporations whether heretofore or
17 hereafter organized may merge into one of such corporations in
18 the following manner: provided in this section.

19 2. The board of directors of each corporation shall, by
20 resolution adopted by a majority vote of the members of each
21 such board, approve a plan of mergers setting forth:

22 ~~1.~~ a. The names of the corporations proposing to merge, and
23 the name of the corporation into which they propose to merge,
24 which is hereinafter designated as the surviving corporation.

25 ~~2.~~ b. The terms and conditions of the proposed merger.

26 ~~3.~~ c. The manner and basis of converting the shares of
27 each merging corporation into shares or other securities or
28 obligations of the surviving corporation.

29 ~~4.~~ d. A statement of any changes in the articles of
30 incorporation of the surviving corporation to be effected by
31 such merger.

32 ~~5.~~ e. Such other provisions with respect to the proposed
33 merger as are deemed necessary or desirable.

34 Sec. 91. Section 491.103, Code 2011, is amended to read as
35 follows:

1 **491.103 Procedure for consolidation.**

2 1. Any two or more corporations whether heretofore or
3 hereafter organized may consolidate into a new corporation in
4 the ~~following~~ manner: provided in this section.

5 2. The board of directors of each corporation, shall, by a
6 resolution adopted by a majority vote of the members of each
7 such board, approve a plan of consolidation setting forth:

8 ~~1.~~ a. The names of the corporations proposing to
9 consolidate, and the name of the new corporation into which
10 they propose to consolidate, which is hereinafter designated
11 as the new corporation.

12 ~~2.~~ b. The terms and conditions of the proposed
13 consolidation.

14 ~~3.~~ c. The manner and basis of converting the shares of each
15 corporation into shares, or other securities, or obligations
16 of the new corporation.

17 ~~4.~~ d. With respect to the new corporation, all of
18 the statements required to be set forth in articles of
19 incorporation for corporations organized under this chapter.

20 ~~5.~~ e. Such other provisions with respect to the proposed
21 consolidation as are deemed necessary or desirable.

22 Sec. 92. Section 499.48, Code 2011, is amended to read as
23 follows:

24 **499.48 Distribution in liquidation.**

25 1. On dissolution or liquidation, the assets of the
26 association shall be used to pay liquidation expenses first,
27 next the association's obligations other than patronage
28 dividends or patronage dividend certificates which it has
29 issued, and the remainder shall be distributed in the following
30 priority:

31 ~~1.~~ a. To pay to each person the full amount originally
32 paid by that person in cash for stock or other equity interest
33 in the association.

34 ~~2.~~ b. To pay to each person in proportion to the total of
35 each person's revolving fund, stock, or other equity interest

1 in the association remaining after the payment under ~~subsection~~
2 ~~±~~ paragraph "a".

3 2. In applying ~~subsections~~ subsection 1 and 2, paragraphs
4 "a" and "b", all classes of stock, all revolving funds, and
5 all other equity interests in the association shall be treated
6 equally based on their stated values. However, an association
7 may establish its own method of distributing the assets
8 remaining, after paying liquidation expenses and obligations
9 other than patronage dividends or patronage dividend
10 certificates which it has issued, in articles of incorporation
11 adopted, amended, or restated after July 1, 1986.

12 Sec. 93. Section 499.62, Code 2011, is amended to read as
13 follows:

14 **499.62 Merger.**

15 1. Any two or more cooperative associations may merge into
16 one cooperative association in the ~~following~~ manner; provided
17 in this section.

18 2. The board of directors of each cooperative association
19 shall, by resolution adopted by a majority vote of all members
20 of each board, approve a plan of merger which shall set forth:

21 ~~1-~~ a. The names of the cooperative associations proposing
22 to merge and the name of the surviving association.

23 ~~2-~~ b. The terms and conditions of the proposed merger.

24 ~~3-~~ c. A statement of any changes in the articles of
25 incorporation of the surviving association.

26 ~~4-~~ d. Other provisions deemed necessary or desirable.

27 Sec. 94. Section 499.63, Code 2011, is amended to read as
28 follows:

29 **499.63 Consolidation.**

30 1. Any two or more cooperative associations may be
31 consolidated into a new cooperative association in the
32 ~~following~~ manner; provided in this section.

33 2. The board of directors of each cooperative association
34 shall, by resolution adopted by a majority vote of all members
35 of each board, approve a plan of consolidation setting forth:

1 ~~1.~~ a. The names of the cooperative associations proposing
2 to consolidate and the name of the new association.

3 ~~2.~~ b. The terms and conditions of the proposed
4 consolidation.

5 ~~3.~~ c. With respect to the new association, all of
6 the statements required to be set forth in articles of
7 incorporation for cooperative associations.

8 ~~4.~~ d. Other provisions deemed necessary or desirable.

9 Sec. 95. Section 499.68, unnumbered paragraphs 1 and 2, Code
10 2011, are amended to read as follows:

11 A merger or consolidation shall become effective upon the
12 date that the certificate of merger or the certificate of
13 consolidation is issued by the secretary of state, or the
14 effective date specified in the articles of merger or articles
15 of consolidation, whichever is later. When a merger or
16 consolidation has become effective:

17 ~~When a merger or consolidation has become effective:~~

18 Sec. 96. Section 499.69, Code 2011, is amended to read as
19 follows:

20 **499.69 Foreign and domestic mergers or consolidations.**

21 1. One or more foreign cooperative associations and one
22 or more domestic cooperative associations may be merged
23 or consolidated in the following manner, if such merger or
24 consolidation is permitted by the laws of the state under which
25 each foreign cooperative association is organized:

26 ~~1.~~ a. Each domestic cooperative association shall comply
27 with the provisions of this division with respect to the merger
28 or consolidation of domestic cooperative associations, and
29 each foreign cooperative association shall comply with the
30 applicable provisions of the laws of the state under which it
31 is organized.

32 ~~2.~~ b. If the surviving or new association is to be governed
33 by the laws of any state other than this state, it shall comply
34 with the provisions of the laws of this state with respect to
35 the qualifications of foreign cooperative associations if it is

1 to transact business in this state, and in every case it shall
2 file with the secretary of state of this state:

3 ~~a.~~ (1) An agreement that it may be served with process
4 in this state in any proceeding for the enforcement of any
5 obligation of any domestic cooperative association which is a
6 party to the merger or consolidation, and in any proceeding
7 for the enforcement of the rights of a dissenting shareholder
8 of any such domestic cooperative association, against the
9 surviving or new association.

10 ~~b.~~ (2) An irrevocable appointment of the secretary of state
11 of this state as its agent to accept service of process in any
12 proceeding.

13 ~~c.~~ (3) An agreement that it will promptly pay to the
14 dissenting shareholders of any domestic cooperative association
15 the amount to which they are entitled under the provisions of
16 this division with respect to the rights of dissenters.

17 2. The effect of such merger or consolidation shall be the
18 same as the effect of the merger or consolidation of domestic
19 cooperative associations, if the surviving or new association
20 is to be governed by the laws of this state. If the surviving
21 or new association is to be governed by the laws of any other
22 state, the effect of merger or consolidation shall be the same
23 as in the case of the merger or consolidation of domestic
24 cooperative associations, except as the laws of the other state
25 otherwise provide.

26 Sec. 97. Section 499A.22, subsections 1, 2, and 3, Code
27 2011, are amended to read as follows:

28 1. a. The cooperative has a lien on a member's interest in
29 the cooperative for all operating charges or other assessments
30 payable by the member pursuant to the member's proprietary
31 lease from the time the operating charge or other assessment
32 becomes due. If carrying charges and assessments are payable
33 in installments, the full amount of the charge or assessment is
34 a lien from the first time the first installment becomes due.
35 Upon nonpayment of a carrying charge or assessment, the member

1 may be evicted from the member's apartment unit in the same
2 manner as provided by law in the case of an unlawful holdover
3 by a tenant and the lien may be foreclosed by judicial sale in
4 like manner as a mortgage on real estate, or may be foreclosed
5 by the power of sale provided in this section.

6 b. A lien under this section is prior to all other liens and
7 encumbrances on a member's cooperative interest except liens
8 and encumbrances on the cooperative's real property which the
9 cooperative creates, assumes, or takes subject to, and liens
10 for real estate taxes and other governmental assessments or
11 charges against the cooperative or the member's cooperative
12 interest.

13 2. The cooperative, upon a member's nonpayment of carrying
14 charges and assessments and the cooperative's compliance with
15 this section, may sell the defaulting member's cooperative
16 interest. Sale may be at a public sale or by private
17 negotiation, and at any time and place, but every aspect of
18 the sale, including the method, advertising, time, place, and
19 terms must be reasonable. The cooperative shall give to the
20 member and any sublessees of the member reasonable written
21 notice of the time and place of a public sale or, if a private
22 sale is intended, of the intention of entering into a contract
23 to sell and of the time after which a private disposition may
24 be made. The same notice shall also be sent to any other
25 person who has a recorded interest in the defaulting member's
26 cooperative interest which would be extinguished by the sale.
27 The notices required by this ~~paragraph~~ subsection may be sent
28 to any address reasonable under the circumstances. Sale may
29 not be held until five weeks after the sending of the notice.
30 The cooperative may buy at a public sale, and, if the sale is
31 conducted by a fiduciary or other person not related to the
32 cooperative, at a private sale.

33 3. a. The proceeds of a sale under the preceding ~~paragraph~~
34 subsection shall be applied in the following order:

35 ~~a.~~ (1) The reasonable expenses of sale.

1 ~~b.~~ (2) The reasonable expenses of securing possession
2 before sale, and the reasonable expenses of holding,
3 maintaining, and preparing the cooperative interest for sale.
4 These expenses include, but are not limited to, the payment of
5 taxes and other governmental charges, premiums on liability
6 insurance, and to the extent provided for by agreement between
7 the cooperative and the member, reasonable attorney fees and
8 other legal expenses incurred by the cooperative.

9 ~~c.~~ (3) Satisfaction of the cooperative's lien.

10 ~~d.~~ (4) Satisfaction in the order of priority of any
11 subordinate claim of record.

12 ~~e.~~ (5) Remittance of any excess to the member.

13 b. Unless otherwise agreed, the member is liable for any
14 deficiency.

15 Sec. 98. Section 501.618, unnumbered paragraphs 1 and 2,
16 Code 2011, are amended to read as follows:

17 A merger or consolidation shall become effective upon the
18 date that the certificate of merger or the certificate of
19 consolidation is issued by the secretary of state, or the
20 effective date specified in the articles of merger or articles
21 of consolidation, whichever is later. When a merger or
22 consolidation has become effective:

23 ~~When a merger or consolidation has become effective:~~

24 Sec. 99. Section 501A.715, subsection 2, paragraph a,
25 subparagraph (2), subparagraph division (b), Code 2011, is
26 amended to read as follows:

27 (b) In the case of an act or omission occurring in the
28 official capacity described in subsection 1, paragraph
29 "a", subparagraph (3), the person reasonably believed that
30 the conduct was not opposed to the best interests of the
31 cooperative. If the person's acts or omissions complained of
32 in the proceeding relate to conduct as a director, officer,
33 trustee, employee, or agent of an employee benefit plan, the
34 conduct is not considered to be opposed to the best interests
35 of the cooperative if the person reasonably believed that

1 the conduct was in the best interests of the participants or
2 beneficiaries of the employee benefit plan.

3 ~~If the person's acts or omissions complained of in the~~
4 ~~proceeding relate to conduct as a director, officer, trustee,~~
5 ~~employee, or agent of an employee benefit plan, the conduct~~
6 ~~is not considered to be opposed to the best interests of the~~
7 ~~cooperative if the person reasonably believed that the conduct~~
8 ~~was in the best interests of the participants or beneficiaries~~
9 ~~of the employee benefit plan.~~

10 Sec. 100. Section 502A.3, Code 2011, is amended to read as
11 follows:

12 **502A.3 Exempt person transactions.**

13 1. The prohibitions in section 502A.2 do not apply to a
14 transaction in which any of the following persons, or any
15 employee, officer, or director of a listed person acting solely
16 in that capacity, is the purchaser or seller:

17 ~~1.~~ a. A person registered with the commodity futures
18 trading commission as a futures commission merchant or as a
19 leverage transaction merchant whose activities require such
20 registration.

21 ~~2.~~ b. A person registered with the securities and exchange
22 commission as a broker-dealer whose activities require such
23 registration.

24 ~~3.~~ c. A person affiliated with, and whose obligations and
25 liabilities under the transaction are guaranteed by, a person
26 referred to in ~~subsection 1 or 2~~ paragraph "a" or "b".

27 ~~4.~~ d. A person who is a member of a contract market
28 designated by the commodity futures trading commission, or any
29 CFTC clearinghouse.

30 ~~5.~~ e. A financial institution.

31 ~~6.~~ f. A person registered under the laws of this state
32 as a securities broker-dealer whose activities require such
33 registration.

34 2. This exemption provided by this section does not apply
35 to any transaction or activity which is prohibited by the

1 Commodity Exchange Act or CFTC rule.

2 Sec. 101. Section 507B.4, Code 2011, is amended to read as
3 follows:

4 **507B.4 Unfair methods of competition and unfair or deceptive
5 acts or practices defined.**

6 1. For purposes of subsection 3, paragraph "p", "insurer"
7 means an entity providing a plan of health insurance, health
8 care benefits, or health care services, or an entity subject
9 to the jurisdiction of the commissioner performing utilization
10 review, including an insurance company offering sickness and
11 accident plans, a health maintenance organization, an organized
12 delivery system authorized under 1993 Iowa Acts, ch. 158, and
13 licensed by the department of public health, a nonprofit health
14 service corporation, a plan established pursuant to chapter
15 509A for public employees, or any other entity providing a
16 plan of health insurance, health care benefits, or health care
17 services. However, "insurer" does not include an entity that
18 sells disability income or long-term care insurance.

19 2. For purposes of subsection 3, paragraphs "k", "l", and
20 "m", "personal lines property and casualty insurance" means
21 insurance sold to individuals and families primarily for
22 noncommercial purposes as provided in chapter 522B.

23 3. The following are hereby defined as unfair methods of
24 competition and unfair or deceptive acts or practices in the
25 business of insurance:

26 ~~1.~~ a. Misrepresentations and false advertising of insurance
27 policies. Making, issuing, circulating, or causing to be made,
28 issued or circulated, any estimate, illustration, circular,
29 statement, sales presentation, omission, or comparison which
30 does any of the following:

31 ~~a.~~ (1) Misrepresents the benefits, advantages, conditions,
32 or terms of any insurance policy.

33 ~~b.~~ (2) Misrepresents the dividends or share of the surplus
34 to be received on any insurance policy.

35 ~~c.~~ (3) Makes any false or misleading statements as to the

1 dividends or share of surplus previously paid on any insurance
2 policy.

3 ~~d.~~ (4) Is misleading or is a misrepresentation as to the
4 financial condition of any person, or as to the legal reserve
5 system upon which any life insurer operates.

6 ~~e.~~ (5) Uses any name or title of any insurance policy or
7 class of insurance policies misrepresenting the true nature
8 thereof.

9 ~~f.~~ (6) Is a misrepresentation for the purpose of inducing
10 or tending to induce the lapse, forfeiture, exchange,
11 conversion, or surrender of any insurance policy.

12 ~~g.~~ (7) Is a misrepresentation for the purpose of effecting
13 a pledge or assignment of or effecting a loan against any
14 insurance policy.

15 ~~h.~~ (8) Misrepresents any insurance policy as being shares
16 of stock.

17 ~~i.~~ (9) Misrepresents any insurance policy to consumers
18 by using the terms "burial insurance", "funeral insurance",
19 "burial plan", or "funeral plan" in its names or titles, unless
20 the policy is made with a funeral provider as beneficiary who
21 specifies and fixes a price under contract with an insurance
22 company. This ~~paragraph~~ subparagraph does not prevent insurers
23 from stating or advertising that insurance benefits may provide
24 cash for funeral or burial expenses.

25 ~~j.~~ (10) Is a misrepresentation, including any intentional
26 misquote of premium rate, for the purpose of inducing or
27 tending to induce the purchase of an insurance policy.

28 ~~2.~~ b. *False information and advertising.*

29 ~~a.~~ (1) *Generally.* Making, publishing, disseminating,
30 circulating, or placing before the public, or causing, directly
31 or indirectly, to be made, published, disseminated, circulated,
32 or placed before the public in a newspaper, magazine, or other
33 publication, or in the form of a notice, circular, pamphlet,
34 letter, or poster, or over any radio or television station, or
35 in any other way, an advertisement, announcement, or statement

1 containing any assertion, representation, or statement with
2 respect to the business of insurance or with respect to any
3 person in the conduct of the person's insurance business, which
4 is untrue, deceptive, or misleading.

5 ~~b.~~ (2) *False statement of assets.* In the case of a company
6 transacting the business of fire insurance within the state,
7 stating or representing by advertisement in any newspaper,
8 magazine, or periodical, or by any sign, circular, card, policy
9 of insurance, or renewal certificate thereof or otherwise, that
10 any funds or assets are in its possession and held available
11 for the protection of holders of its policies unless so held,
12 except the policy of insurance or certificate of renewal
13 thereof may state, as a single item, the amount of capital
14 set forth in the charter, or articles of incorporation, or
15 association, or deed of settlement under which it is authorized
16 to transact business.

17 ~~e.~~ (3) *Statement of capital and surplus.* In the case of a
18 foreign company transacting the business of casualty insurance
19 in the state, or an officer, producer, or representative of
20 such a company, issuing or publishing an advertisement, public
21 announcement, sign, circular, or card that purports to disclose
22 the company's financial standing and fails to exhibit: the
23 capital actually paid in cash, and the amount of net surplus
24 of assets over all the company's liabilities actually held
25 and available for the payment of losses by fire and for the
26 protection of holders of fire policies; and the amount of net
27 surplus of assets over all liabilities in the United States
28 actually available for the payment of losses by fire and held
29 in the United States for the protection of holders of fire
30 policies in the United States, including in such liabilities
31 the fund reserved for reinsurance of outstanding risks. The
32 amounts stated for capital and net surplus shall correspond
33 with the latest verified statement made by the company or
34 association to the commissioner of insurance.

35 ~~3.~~ c. *Defamation.* Making, publishing, disseminating,

1 or circulating, directly or indirectly, or aiding, abetting
2 or encouraging the making, publishing, disseminating, or
3 circulating of any oral or written statement or any pamphlet,
4 circular, article or literature which is false, or maliciously
5 critical of or derogatory to the financial condition of any
6 person, and which is calculated to injure such person.

7 ~~4.~~ d. *Boycott, coercion and intimidation.* Entering into
8 any agreement to commit, or by any concerted action committing,
9 any act of boycott, coercion or intimidation resulting in or
10 tending to result in unreasonable restraint of, or monopoly in,
11 the business of insurance.

12 ~~5.~~ e. *False statements and entries.*

13 ~~a.~~ (1) Knowingly filing with any supervisory or
14 other public official, or knowingly making, publishing,
15 disseminating, circulating or delivering to any person, or
16 placing before the public, or knowingly causing directly or
17 indirectly, to be made, published, disseminated, circulated,
18 delivered to any person, or placed before the public, any false
19 material statement of fact as to the financial condition of a
20 person.

21 ~~b.~~ (2) Knowingly making any false entry of a material fact
22 in any book, report or statement of any person or knowingly
23 omitting to make a true entry of any material fact pertaining
24 to the business of such person in any book, report or statement
25 of such person.

26 ~~6.~~ f. *Stock operations and advisory board contracts.*

27 Issuing or delivering or permitting agents, officers or
28 employees to issue or deliver, agency company stock or other
29 capital stock, or benefit certificates or shares in any common
30 law corporation, or securities or any special or advisory board
31 contracts or other contracts of any kind promising returns and
32 profits as an inducement to insurance.

33 ~~7.~~ g. *Unfair discrimination.*

34 ~~a.~~ (1) Making or permitting any unfair discrimination
35 between individuals of the same class and equal expectation of

1 life in the rates charged for any contract of life insurance or
2 of life annuity or in the dividends or other benefits payable
3 thereon, or in any other of the terms and conditions of such
4 contract.

5 ~~b.~~ (2) Making or permitting any unfair discrimination
6 between insureds of the same class for essentially the same
7 hazard in the amount of premium, policy fees, or rates charged
8 for any policy or contract of insurance other than life or in
9 the benefits payable thereunder, or in any of the terms or
10 conditions of such contract, or in any other manner whatever.

11 ~~c.~~ (3) Making or permitting any discrimination in the sale
12 of insurance solely on the basis of domestic abuse as defined
13 in section 236.2.

14 ~~8.~~ h. *Release or use of genetic information.* Failure of a
15 person to comply with section 729.6, subsection 4.

16 ~~9.~~ i. *Rebates.*

17 ~~a.~~ (1) Except as otherwise expressly provided by law,
18 knowingly permitting or offering to make or making any
19 contract of life insurance, life annuity or accident and health
20 insurance, or agreement as to such contract other than as
21 plainly expressed in the contract issued thereon, or paying
22 or allowing, or giving or offering to pay, allow, or give,
23 directly or indirectly, as inducement to such insurance, or
24 annuity, any rebate of premiums payable on the contract, or any
25 special favor or advantage in the dividends or other benefits
26 thereon, or any valuable consideration or inducement whatever
27 not specified in the contract; or giving, or selling, or
28 purchasing or offering to give, sell, or purchase as inducement
29 to such insurance or annuity or in connection therewith, any
30 stocks, bonds, or other securities of any insurance company
31 or other corporation, association, or partnership, or any
32 dividends or profits accrued thereon, or any thing of value
33 whatsoever not specified in the contract.

34 ~~b.~~ (2) Nothing in ~~subsection 7~~ paragraph "g" or paragraph
35 "a" ~~subparagraph (1)~~ of this ~~subsection~~ paragraph "i" shall be

1 construed as including within the definition of discrimination
2 or rebates any of the following practices:

3 ~~(1)~~ (a) In the case of any contract of life insurance or
4 life annuity, paying bonuses to policyholders or otherwise
5 rebating their premiums in whole or in part out of surplus
6 accumulated from nonparticipating insurance, provided that
7 any such bonuses or rebatement of premiums shall be fair and
8 equitable to policyholders and for the best interests of the
9 company and its policyholders.

10 ~~(2)~~ (b) In the case of life insurance policies issued on
11 the industrial debit plan, making allowance to policyholders
12 who have continuously for a specified period made premium
13 payments directly to an office of the insurer in an amount
14 which fairly represents the saving in collection expenses.

15 ~~(3)~~ (c) Readjustment of the rate of premium for a group
16 insurance policy based on the loss or expense experienced
17 thereunder, at the end of the first or any subsequent policy
18 year of insurance thereunder, which may be made retroactive
19 only for such policy year.

20 ~~e.~~ (3) (a) Paying, allowing, or giving, or offering to
21 pay, allow, or give, directly or indirectly, as an inducement
22 to purchase or acquire insurance other than life insurance,
23 life annuity, or accident and health insurance, or after
24 insurance has been effected, any rebate, discount, abatement,
25 credit, or reduction of the premium named in a policy of
26 insurance, or any special favor or advantage in the dividends
27 or other benefits to accrue on the policy, or any valuable
28 consideration or inducement, not specified in the policy,
29 except to the extent provided for in an applicable filing.
30 An insured named in a policy, or an employee of the insured,
31 shall not knowingly receive or accept, directly or indirectly,
32 any rebate, discount, abatement, credit, or reduction of
33 premium, or any such special favor or advantage or valuable
34 consideration or inducement.

35 (b) This ~~paragraph "c"~~ subparagraph (3) shall not be

1 construed to prohibit the payment of commissions or other
2 compensation to duly licensed producers, or to prohibit
3 any insurer from allowing or returning to its participating
4 policyholders, members, or subscribers, dividends, savings, or
5 unabsorbed premium deposits. As used in this ~~paragraph "e"~~
6 subparagraph (3), "insurance" includes suretyship and "policy"
7 includes bond.

8 ~~10.~~ j. *Unfair claim settlement practices.* Committing
9 or performing with such frequency as to indicate a general
10 business practice any of the following:

11 ~~a.~~ (1) Misrepresenting pertinent facts or insurance policy
12 provisions relating to coverages of issue.

13 ~~b.~~ (2) Failing to acknowledge and act reasonably promptly
14 upon communications with respect to claims arising under
15 insurance policies.

16 ~~c.~~ (3) Failing to adopt and implement reasonable standards
17 for the prompt investigation of claims arising under insurance
18 policies.

19 ~~d.~~ (4) Refusing to pay claims without conducting a
20 reasonable investigation based upon all available information.

21 ~~e.~~ (5) Failing to affirm or deny coverage of claims within
22 a reasonable time after proof of loss statements have been
23 completed.

24 ~~f.~~ (6) Not attempting in good faith to effectuate prompt,
25 fair, and equitable settlements of claims in which liability
26 has become reasonably clear, or failing to include interest on
27 the payment of claims when required under ~~subsection 16~~
28 paragraph "p" or section 511.38.

29 ~~g.~~ (7) Compelling insureds to institute litigation to
30 recover amounts due under an insurance policy by offering
31 substantially less than the amounts ultimately recovered in
32 actions brought by such insureds.

33 ~~h.~~ (8) Attempting to settle a claim for less than the
34 amount to which a reasonable person would have believed
35 the person was entitled by reference to written or printed

1 advertising material accompanying or made part of an
2 application.

3 ~~i.~~ (9) Attempting to settle claims on the basis of an
4 application which was altered without notice to, or knowledge
5 or consent of the insured.

6 ~~j.~~ (10) Making claims payments to insureds or beneficiaries
7 not accompanied by a statement setting forth the coverage under
8 which payments are being made.

9 ~~k.~~ (11) Making known to insureds or claimants a policy
10 of appealing from arbitration awards in favor of insureds
11 or claimants for the purpose of compelling them to accept
12 settlements or compromises less than the amount awarded in
13 arbitration.

14 ~~l.~~ (12) Delaying the investigation or payment of claims
15 by requiring an insured, claimant, or the physician of either
16 to submit a preliminary claim report and then requiring the
17 subsequent submission of formal proof of loss forms, both of
18 which submissions contain substantially the same information.

19 ~~m.~~ (13) Failing to promptly settle claims, where liability
20 has become reasonably clear, under one portion of the insurance
21 policy coverage in order to influence settlements under other
22 portions of the insurance policy coverage.

23 ~~n.~~ (14) Failing to promptly provide a reasonable
24 explanation of the basis in the insurance policy in relation
25 to the facts or applicable law for denial of a claim or for the
26 offer of a compromise settlement.

27 ~~o.~~ (15) Failing to comply with the procedures for auditing
28 claims submitted by health care providers as set forth by rule
29 of the commissioner. However, this ~~paragraph~~ subparagraph
30 shall have no applicability to liability insurance, workers'
31 compensation or similar insurance, automobile or homeowners'
32 medical payment insurance, disability income, or long-term care
33 insurance.

34 ~~h.~~ k. *Use of inquiries.* Considering either of the
35 following events for purposes of surcharging, declining,

1 nonrenewing, or canceling personal lines property and casualty
2 insurance coverage or a binder for personal lines property and
3 casualty insurance coverage:

4 ~~a.~~ (1) An applicant's or insured's inquiry into the type
5 or level of coverage of a policy, or an inquiry into whether a
6 policy will cover a loss.

7 ~~b.~~ (2) An insured's inquiry regarding coverage of a policy
8 for a loss if the insured does not file a claim.

9 ~~12.~~ 1. *History of a property.* Declining to insure a
10 property not previously owned by an applicant for personal
11 lines property and casualty insurance, based solely on the loss
12 history of a previous owner of the property, unless the insurer
13 can provide evidence that the previous owner did not repair
14 damage to the property.

15 ~~13.~~ m. *Disclosure of use of claims history.* Failing
16 to inform an applicant at the time that an application for
17 personal lines property and casualty insurance is made, in
18 writing or in the same medium as the application is made, that
19 the insurer will consider the applicant's or insured's claims
20 history in determining whether to decline, cancel, nonrenew,
21 or surcharge such a policy, and that a claim made by an insured
22 will be reported to an insurance support organization.

23 ~~14.~~ n. *Misrepresentation in insurance applications.* Making
24 false or fraudulent statements or representations on or
25 relative to an application for an insurance policy, for the
26 purpose of obtaining a fee, commission, money, or other benefit
27 from any insurer, agent, broker, or individual.

28 ~~15.~~ o. *Omission from insurance application.* Failing to
29 designate on an insurance policy application the licensee who
30 has solicited and written the policy.

31 ~~16.~~ p. *Payment of interest.* Failure of an insurer to pay
32 interest at the rate of ten percent per annum on all health
33 insurance claims that the insurer fails to timely accept and
34 pay pursuant to section 507B.4A, subsection 2, paragraph "d".
35 Interest shall accrue commencing on the thirty-first day after

1 receipt of all properly completed proof of loss forms.

2 ~~For purposes of this subsection, "insurer" means an entity~~
3 ~~providing a plan of health insurance, health care benefits, or~~
4 ~~health care services, or an entity subject to the jurisdiction~~
5 ~~of the commissioner performing utilization review, including~~
6 ~~an insurance company offering sickness and accident plans, a~~
7 ~~health maintenance organization, an organized delivery system~~
8 ~~authorized under 1993 Iowa Acts, ch. 158, and licensed by~~
9 ~~the department of public health, a nonprofit health service~~
10 ~~corporation, a plan established pursuant to chapter 509A~~
11 ~~for public employees, or any other entity providing a plan~~
12 ~~of health insurance, health care benefits, or health care~~
13 ~~services. However, "insurer" does not include an entity that~~
14 ~~sells disability income or long-term care insurance.~~

15 ~~17. g. *Rating organizations.* Any violation of section~~
16 ~~515F.16.~~

17 ~~18. r. *Minor traffic violations.* Failure of a person to~~
18 ~~comply with section 516B.3.~~

19 ~~19. s. *Information.* Failing or refusing to furnish any~~
20 ~~policyholder or applicant, upon reasonable request, information~~
21 ~~to which that individual is entitled.~~

22 ~~For purposes of subsections 11, 12, and 13, "personal lines~~
23 ~~property and casualty insurance" means insurance sold to~~
24 ~~individuals and families primarily for noncommercial purposes~~
25 ~~as provided in chapter 522B.~~

26 Sec. 102. Section 507C.2, subsection 15, Code 2011, is
27 amended to read as follows:

28 15. a. "Insolvency" or "insolvent" means any of the
29 following:

30 ~~a.~~ (1) For an insurer issuing only assessable fire
31 insurance policies, either of the following:

32 (1) (a) The inability to pay any obligation within thirty
33 days after it becomes payable.

34 (2) (b) If an assessment is made, the inability to pay the
35 assessment within thirty days following the date specified in

1 the first assessment notice issued after the date of loss.

2 ~~b.~~ (2) For any other insurer that it is unable to pay its
3 obligations when they are due, or when its admitted assets do
4 not exceed its liabilities plus the greater of:

5 ~~(1)~~ (a) Any capital and surplus required by law for its
6 organization.

7 ~~(2)~~ (b) The total par or stated value of its authorized and
8 issued capital stock.

9 ~~c.~~ (3) As to an insurer licensed to do business in this
10 state as of July 1, 1984, which does not meet the standard
11 established under ~~paragraph "b"~~ subparagraph (2), the term
12 "*insolvency*" or "*insolvent*" shall mean, for a period not to
13 exceed three years from July 1, 1984, that it is unable to
14 pay its obligations when they are due or that its admitted
15 assets do not exceed its liabilities plus any required capital
16 contribution ordered by the commissioner under provisions of
17 the insurance law.

18 b. For purposes of this subsection "*liabilities*" includes
19 but is not limited to reserves required by statute or by
20 the division's rules or specific requirements imposed by the
21 commissioner upon a company at the time of or subsequent to
22 admission.

23 Sec. 103. Section 508.8, Code 2011, is amended to read as
24 follows:

25 **508.8 Insurance company officers — conflicts of interest —**
26 **exceptions.**

27 1. As used in this section, "employee" includes but is not
28 limited to the officers of a life insurance company.

29 2. A director or officer of a life insurance company shall
30 not receive, in addition to fixed salary or compensation,
31 money or other valuable thing, either directly or indirectly,
32 or through a substantial interest in another corporation or
33 business unit, for negotiating, procuring, recommending or
34 aiding in the purchase or sale of property, or loan, made
35 by the insurer or an affiliate or subsidiary of the insurer;

1 nor shall a director or officer be pecuniarily interested,
2 either as principal, coprincipal, agent or beneficiary, either
3 directly or indirectly, or through a substantial interest in
4 another corporation or business unit, in the purchase, sale
5 or loan. However, a life insurance company, in connection
6 with the relocation of the place of employment of an employee
7 including relocation upon the initial employment of the
8 employee, may do either of the following:

9 ~~1.~~ a. Make a mortgage loan on real property owned by the
10 employee which is to serve as the employee's dwelling.

11 ~~2.~~ b. Acquire at not more than fair market value the
12 dwelling which the employee vacates upon relocation.

13 ~~As used in this section, "employee" includes but is not~~
14 ~~limited to the officers of a life insurance company.~~

15 Sec. 104. Section 508.36, subsection 3, paragraphs e and f,
16 Code 2011, are amended to read as follows:

17 e. (1) For total and permanent disability benefits in or
18 supplementary to ordinary policies or contracts, the following:

19 ~~(1)~~ (a) For policies or contracts issued on or after
20 January 1, 1966, the tables of period 2 disablement rates and
21 the 1930 to 1950 termination rates of the 1952 disability study
22 of the society of actuaries, with due regard to the type of
23 benefit, or any tables of disablement rates and termination
24 rates adopted after 1980 by the national association of
25 insurance commissioners and approved by rule adopted by the
26 commissioner for use in determining the minimum standard of
27 valuation for such policies.

28 ~~(2)~~ (b) For policies or contracts issued on or after
29 January 1, 1961, and prior to January 1, 1966, either of the
30 tables identified under subparagraph ~~(1)~~ division (a), or at
31 the option of the company, the class (3) disability table
32 (1926).

33 ~~(3)~~ (c) For policies issued prior to January 1, 1961, the
34 class (3) disability table (1926).

35 (2) A table used under this paragraph "e" shall, for

1 active lives, be combined with a mortality table permitted for
2 calculating the reserves for life insurance policies.

3 *f.* (1) For accidental death benefits in or supplementary to
4 policies, the following:

5 ~~(1)~~ (a) For policies issued on or after January 1, 1966,
6 the 1959 accidental death benefits table, or any accidental
7 death benefits table adopted after 1980 by the national
8 association of insurance commissioners and approved by rule
9 adopted by the commissioner for use in determining the minimum
10 standard of valuation for such policies.

11 ~~(2)~~ (b) For policies issued on or after January 1, 1961,
12 and prior to January 1, 1966, either of the tables identified
13 under subparagraph ~~(1)~~ division (a), or at the option of the
14 company, the intercompany double indemnity mortality table.

15 ~~(3)~~ (c) For policies issued prior to January 1, 1961, the
16 intercompany double indemnity mortality table.

17 (2) A table used under this paragraph "f" shall be combined
18 with a mortality table for calculating the reserves for life
19 insurance policies.

20 Sec. 105. Section 508.37, subsection 5, paragraphs a and c,
21 Code 2011, are amended to read as follows:

22 *a.* (1) This subsection does not apply to policies issued
23 on or after the operative date of subsection 6 as defined
24 in paragraph "k" of that subsection. Except as provided in
25 paragraph "c", the adjusted premiums for any policy shall
26 be calculated on an annual basis and shall be such uniform
27 percentage of the respective premiums specified in the policy
28 for each policy year, excluding any extra premiums charged
29 because of impairments or special hazards, that the present
30 value, at the date of issue of the policy, of all such adjusted
31 premiums is equal to the sum of the following:

32 ~~(1)~~ (a) The then present value of the future guaranteed
33 benefits provided for by the policy.

34 ~~(2)~~ (b) Two percent of the amount of the insurance, if the
35 insurance is uniform in amount, or of the equivalent uniform

1 amount, as defined in paragraph "b", if the amount of insurance
2 varies with duration of the policy.

3 ~~(3)~~ (c) Forty percent of the adjusted premium for the first
4 policy year.

5 ~~(4)~~ (d) Twenty-five percent of either the adjusted premium
6 for the first policy year or the adjusted premium for a whole
7 life policy of the same uniform or equivalent uniform amount
8 with uniform premiums for the whole of life issued at the same
9 age for the same amount of insurance, whichever is less.

10 (2) However, in applying the percentages specified in
11 ~~subparagraphs (3) and (4)~~ subparagraph divisions (c) and (d),
12 no adjusted premium shall be deemed to exceed four percent of
13 the amount of insurance or an equivalent uniform amount. The
14 date of issue of a policy for the purpose of this subsection
15 is the date as of which the rated age of the insured is
16 determined.

17 *c.* The adjusted premiums for a policy providing term
18 insurance benefits by rider or supplemental policy provision
19 shall be equal to (1) the adjusted premiums for an otherwise
20 similar policy issued at the same age without such term
21 insurance benefits, increased during the period for which
22 premiums for such term insurance benefits are payable, by (2)
23 the adjusted premiums for such term insurance, the foregoing
24 items (1) and (2) being calculated separately and as specified
25 in paragraphs "a" and "b" of this subsection except that, for
26 the purposes of ~~subparagraphs (2), (3), and (4)~~ of paragraph
27 "a", subparagraph (1), subparagraph divisions (b), (c), and
28 (d), the amount of insurance or equivalent uniform amount of
29 insurance used in the calculation of the adjusted premiums
30 referred to in item (2) in this paragraph shall be equal to the
31 excess of the corresponding amount determined for the entire
32 policy over the amount used in the calculation of the adjusted
33 premiums in item (1) in this paragraph.

34 Sec. 106. Section 508.38, subsection 3, paragraphs a and b,
35 Code 2011, are amended to read as follows:

1 a. (1) The minimum nonforfeiture amount at any time at
2 or prior to the commencement of any annuity payments shall be
3 equal to an accumulation up to such time at rates of interest
4 as indicated in paragraph "b" of the net considerations (as
5 hereinafter defined) paid prior to such time, decreased by the
6 sum of all of the following:

7 ~~(1)~~ (a) Any prior withdrawals from or partial surrenders
8 of the contract accumulated at rates of interest as indicated
9 in paragraph "b".

10 ~~(2)~~ (b) An annual contract charge of fifty dollars,
11 accumulated at rates of interest as indicated in paragraph "b".

12 ~~(3)~~ (c) The amount of any indebtedness to the company on
13 the contract, including interest due and accrued.

14 (2) The net considerations for a given contract year
15 used to define the minimum nonforfeiture amount shall be an
16 amount equal to eighty-seven and one-half percent of the gross
17 considerations credited to the contract during the contract
18 year.

19 b. (1) The interest rate used in determining minimum
20 nonforfeiture amounts shall be an annual rate of interest
21 determined as the lesser of three percent per annum and all of
22 the following, which shall be specified in the contract if the
23 interest rate will be reset:

24 ~~(1)~~ (a) The five-year constant maturity treasury rate
25 reported by the federal reserve as of a date, or average over a
26 period, rounded to the nearest one-twentieth of one percent,
27 specified in the contract no longer than fifteen months prior
28 to the contract issue date or redetermination date under
29 subparagraph ~~(4)~~ division (d).

30 ~~(2)~~ (b) The result of subparagraph ~~(1)~~ division (a) shall
31 be reduced by one hundred twenty-five basis points.

32 ~~(3)~~ (c) The resulting interest guarantee shall not be less
33 than one percent.

34 ~~(4)~~ (d) The interest rate shall apply for an initial
35 period and may be redetermined for additional periods. The

1 redetermination date, basis, and period, if any, shall be
2 stated in the contract. The basis is the date or average
3 over a specified period that produces the value of the
4 five-year constant maturity treasury rate to be used at each
5 redetermination date.

6 (2) During the period or term that a contract provides
7 substantive participation in an equity indexed benefit, it
8 may increase the reduction described in subparagraph ~~(2)~~
9 (1), subparagraph division (b), by up to an additional one
10 hundred basis points to reflect the value of the equity index
11 benefit. The present value at the contract issue date and
12 at each redetermination date thereafter of the additional
13 reduction shall not exceed the market value of the benefit.
14 The commissioner may require a demonstration that the present
15 value of the reduction does not exceed the market value of the
16 benefit. Lacking such a demonstration that is acceptable to
17 the commissioner, the commissioner may disallow or limit the
18 additional reduction.

19 (3) The commissioner may adopt rules to implement the
20 provisions of subparagraph ~~(4)~~ (1), subparagraph division (d),
21 and to provide for further adjustments to the calculation
22 of minimum nonforfeiture amounts for contracts that provide
23 substantive participation in an equity index benefit and for
24 other contracts that the commissioner determines adjustments
25 are justified.

26 Sec. 107. Section 508C.12, subsection 1, paragraph a, Code
27 Supplement 2011, is amended to read as follows:

28 a. (1) Notify the commissioners or insurance departments
29 of other states or territories of the United States and the
30 District of Columbia when any of the following actions against
31 a member insurer is taken:

32 ~~(1)~~ (a) A license is revoked.

33 ~~(2)~~ (b) A license is suspended.

34 ~~(3)~~ (c) A formal order is made that a company restrict its
35 premium writing, obtain additional contributions to surplus,

1 withdraw from the state, reinsure all or any part of its
2 business, or increase capital, surplus, or any other account
3 for the security of policyholders or creditors.

4 (2) Notice shall be mailed to the commissioners or
5 departments within thirty days following the earlier of when
6 the action was taken or the date on which the action occurs.
7 This subparagraph does not supersede section 507C.9, subsection
8 5.

9 Sec. 108. Section 509.1, subsection 2, Code 2011, is amended
10 to read as follows:

11 2. a. A policy issued to any one of the following to be
12 considered the policyholder:

13 ~~a.~~ (1) An advisory, supervisory, or governing body or
14 bodies of a regularly organized religious denomination to
15 insure its clergy, priests, or ministers of the gospel.

16 ~~b.~~ (2) A teachers' association, to insure its members.

17 ~~c.~~ (3) A lawyers' association, to insure its members.

18 ~~d.~~ (4) A volunteer fire company, to insure all of its
19 members.

20 ~~e.~~ (5) A fraternal society or association, or any
21 subordinate lodge or branch thereof, to insure its members.

22 ~~f.~~ (6) A common principal of any group of persons similarly
23 engaged between whom there exists a contractual relationship,
24 to insure the members of such group.

25 ~~g.~~ (7) An association, the members of which are students,
26 teachers, administrators or officials of any elementary or
27 secondary school or of any college, to insure the members
28 thereof. For the purpose of this ~~paragraph~~ subparagraph, the
29 students, teachers, administrators or officials of or for any
30 such school or college shall constitute an association.

31 b. ~~Provided that the~~ The provisions and requirements
32 of subsection 1 ~~of this section~~ shall apply to ~~such the~~
33 policy and the policyholder and insured in ~~like the same~~
34 manner as ~~said subsection 1 of this section~~ applies to
35 employers and employees, except that if a policy is issued

1 to a volunteer fire company or an association, the members
2 of which are students, teachers, administrators or officials
3 of any elementary or secondary school or of any college, the
4 requirement for twenty-five members shall not apply, and, if
5 issued to a teachers' association or lawyers' association, not
6 less than sixty-five percent of the members thereof may be
7 insured.

8 Sec. 109. Section 509A.15, subsections 1 and 4, Code 2011,
9 are amended to read as follows:

10 1. a. Within ninety days following the end of a fiscal
11 year, the governing body of a self-insurance plan of a
12 political subdivision or a school corporation shall file with
13 the commissioner of insurance a certificate of compliance,
14 actuarial opinion, and an annual financial report. The
15 filing shall be accompanied by a fee of one hundred dollars.
16 A penalty of fifteen dollars per day shall be assessed for
17 failure to comply with the ninety-day filing requirement,
18 except that the commissioner may waive the penalty upon a
19 showing that special circumstances exist which justify the
20 waiver. The certificate shall be signed and dated by the
21 appropriate public official representing the governing body,
22 and shall certify the following:

23 a. (1) That the plan meets the requirements of this chapter
24 and the applicable provisions of the Iowa administrative code.

25 b. (2) That an actuarial opinion has been attached to
26 the certificate which attests to the adequacy of reserves,
27 rates, and financial condition of the plan. ~~The actuarial~~
28 ~~opinion must include, but is not limited to, a brief commentary~~
29 ~~about the adequacy of the reserves, rates, and the financial~~
30 ~~condition of the plan, a test of the prior year claim reserve,~~
31 ~~a brief description of how the reserves were calculated,~~
32 ~~and whether or not the plan is able to cover all reasonably~~
33 ~~anticipated expenses. The actuarial opinion shall be prepared,~~
34 ~~signed, and dated by a person who is a member of the American~~
35 ~~academy of actuaries. If necessary, the actuary should assist~~

1 ~~the public body in preparing the annual financial report. The~~
2 ~~annual financial report shall be in a format as prescribed by~~
3 ~~the commissioner.~~

4 ~~e.~~ (3) That a written complaint procedure has been
5 implemented. The certificate shall also list the number of
6 complaints filed by participants under the written complaint
7 procedure, and the percentage of participants filing written
8 complaints, in the prior fiscal year.

9 ~~d.~~ (4) That the governing body has contracted or otherwise
10 arranged with a third-party administrator who holds a current
11 certificate of registration issued by the commissioner pursuant
12 to section 510.21, or with a person not required to obtain
13 the certificate as a third-party administrator as defined in
14 section 510.11, subsection 2.

15 b. The actuarial opinion must include but is not limited to
16 a brief commentary about the adequacy of the reserves, rates,
17 and the financial condition of the plan, a test of the prior
18 year claim reserve, a brief description of how the reserves
19 were calculated, and whether or not the plan is able to cover
20 all reasonably anticipated expenses. The actuarial opinion
21 shall be prepared, signed, and dated by a person who is a
22 member of the American academy of actuaries.

23 c. If necessary, the actuary should assist the public body
24 in preparing the annual financial report. The annual financial
25 report shall be in a format as prescribed by the commissioner.

26 4. a. One or more political subdivisions of the state
27 or one or more school corporations maintaining self-insured
28 plans with yearly claims that do not exceed two percent of
29 each entity's general fund budget shall be exempt from the
30 requirements of this section where the plan insures employees
31 for all or part of a deductible, coinsurance payments, drug
32 costs, short-term disability benefits, vision benefits, or
33 dental benefits.

34 b. The yearly claim amount shall be determined annually on
35 the policy renewal date, or an alternative date established

1 by rule, by a plan administrator or political subdivision
2 or school corporation employee to be designated by the plan
3 administrator. The exemption shall not apply for the year
4 following a year in which yearly claims are determined to
5 exceed two percent of the political subdivision's or school
6 corporation's general fund budget.

7 Sec. 110. Section 511.8, unnumbered paragraphs 1 and 2, Code
8 Supplement 2011, are amended to read as follows:

9 A company organized under chapter 508 shall, at all times,
10 have invested in the securities provided in this section,
11 funds equivalent to its legal reserve. Legal reserve is the
12 net present value of all outstanding policies and contracts
13 involving life contingencies. This section does not prohibit
14 a company or association from holding a portion of its
15 legal reserve in cash. The investment programs developed
16 by companies shall take into account the safety of the
17 company's principal, investment yield and return, stability
18 in the value of the investment, and liquidity necessary to
19 meet the company's expected business needs and investment
20 diversification.

21 ~~The investment programs developed by companies shall take~~
22 ~~into account the safety of the company's principal, investment~~
23 ~~yield and return, stability in the value of the investment, and~~
24 ~~liquidity necessary to meet the company's expected business~~
25 ~~needs and investment diversification.~~

26 Sec. 111. Section 511.8, subsections 6, 8, 13, 15, 17, 19,
27 and 20, Code Supplement 2011, are amended to read as follows:

28 6. *Preferred and guaranteed stocks.*

29 a. Subject to the restrictions contained in subsection
30 8 hereof, preferred stocks of, or stocks guaranteed by, a
31 corporation incorporated under the laws of the United States
32 of America, or of any state, district, insular or territorial
33 possession thereof; or of the Dominion of Canada, or any
34 province thereof; and which meet the following qualifications:

35 a. (1) Preferred stocks.

1 ~~(1)~~ (a) All of the obligations and preferred stocks of
2 the issuing corporation, if any, prior to the preferred stock
3 acquired must be eligible as investments under this section as
4 of the date of acquisition; and

5 ~~(2)~~ (b) The net earnings available for fixed charges and
6 preferred dividends of the issuing corporation shall have
7 been, for each of the five fiscal years immediately preceding
8 the date of acquisition, not less than one and one-half times
9 the sum of the annual fixed charges and contingent interest,
10 if any, and the annual preferred dividend requirements as of
11 the date of acquisition; or at the date of acquisition the
12 preferred stock has investment qualities and characteristics
13 wherein speculative elements are not predominant.

14 (i) The term "*preferred dividend requirements*" shall mean
15 cumulative or noncumulative dividends whether paid or not.

16 (ii) The term "*fixed charges*" shall be construed in
17 accordance with subsection 5 above.

18 (iii) The term "*net earnings available for fixed charges and*
19 *preferred dividends*" as used herein shall mean the net income
20 after deducting all operating and maintenance expenses, taxes,
21 including any income taxes, depreciation and depletion, but
22 nonrecurring items may be excluded.

23 ~~b.~~ (2) Guaranteed stocks.

24 ~~(1)~~ (a) All of the fixed interest-bearing obligations of
25 the guaranteeing corporation, if any, must be eligible under
26 this section as of the date of acquisition; and

27 ~~(2)~~ (b) The net earnings available for fixed charges
28 of the guaranteeing corporation shall meet the requirements
29 outlined in paragraph "a" of subsection 5 above, except that all
30 guaranteed dividends shall be included in "*fixed charges*".

31 b. Any investments in preferred stocks or guaranteed
32 stocks made under the provisions of this subsection shall be
33 considered as moneys and credits for purposes of taxation
34 and their assessment shall be subject to deductions for
35 indebtedness as provided by law in the case of assessment

1 of moneys and credits in general. This provision shall be
2 effective as to assessments made during the year 1947 and
3 thereafter.

4 8. *Further restrictions.* Securities included under
5 subsections 5, 6, and 7 shall not be eligible:

6 a. If the corporation is in default on fixed obligations as
7 of the date of acquisition. Securities provided in paragraph
8 ~~"a"~~ of subsection 6, paragraph "a", subparagraph (1), shall
9 not be eligible if the issuing corporation is in arrears with
10 respect to the payment of any preferred dividends as of the
11 date of acquisition.

12 b. The investments of any company or association in
13 such securities shall not be eligible in excess of the
14 following percentages of the legal reserve of such company or
15 association:

16 (1) With the exception of public securities, two percent
17 of the legal reserve in the securities of any one corporation.
18 Five percent of the legal reserve in the securities of any one
19 public utility corporation.

20 (2) Seventy-five percent of the legal reserve in the
21 securities described in subsection 5 issued by other than
22 public utility corporations. Fifty percent of the legal
23 reserve in the securities described in subsection 5 issued by
24 public utility corporations.

25 (3) Ten percent of the legal reserve in the securities
26 described in subsection 6.

27 (4) Ten percent of the legal reserve in the securities
28 described in subsection 7.

29 c. Statements adjusted to show the actual condition at
30 the time of acquisition or the effect of new financing,
31 known commercially as pro forma statements, may be used in
32 determining whether investments under subsections 5 and 6 are
33 in compliance with requirements. Statements so adjusted or
34 consolidated statements may be used in order to include the
35 earnings of all predecessor, merged, consolidated, or purchased

1 companies.

2 *d.* In addition to the restrictions contained in paragraphs
3 "*a*" and "*b*", the investments of any company or association in
4 securities included under subsection 5, paragraph "*c*", are not
5 eligible in excess of two percent of the legal reserve, but not
6 more than one-eighth of one percent of the legal reserve shall
7 be invested in the securities of any one corporation.

8 13. *Collateral loans.* Loans secured by collateral
9 consisting of any securities qualified in this section,
10 provided the amount of the loan is not in excess of ninety
11 percent of the value of the securities. Provided further that
12 subsection 8 shall apply to the collateral securities pledged
13 to the payment of loans authorized in this subsection.

14 ~~Provided further that subsection 8 of this section shall~~
15 ~~apply to the collateral securities pledged to the payment of~~
16 ~~loans authorized in this subsection.~~

17 15. *Railroad obligations.*

18 *a.* Bonds or other evidences of indebtedness which carry a
19 fixed rate of interest and are issued, assumed or guaranteed
20 by any railroad company incorporated under the laws of the
21 United States of America, or of any state, district, insular
22 or territorial possessions thereof, not in reorganization or
23 receivership at the time of such investment, provided that the
24 railroad company:

25 ~~*a.*~~ (1) Shall have had for the three-year period immediately
26 preceding investment, for which the necessary data for the
27 railroad company shall have been published, a balance of income
28 available for fixed charges which shall have averaged per year
29 not less than one and one-quarter times the fixed charges for
30 the latest year of the period; and

31 ~~*b.*~~ (2) Shall have had for the three-year period immediately
32 preceding investment, for which the necessary data for both
33 the railroad company and all class I railroads shall have been
34 published:

35 ~~(1)~~ (a) A balance of income available for the payment of

1 fixed charges at least as many times greater than the fixed
2 charges for the latest year of the period as the balance of
3 income available for the payment of fixed charges of all class
4 I railroads for the same three-year period is times greater
5 than the amount of all fixed charges for such class I railroads
6 for the latest year of the period; and

7 ~~(2)~~ (b) An amount of railway operating revenues remaining
8 after deduction of three times the fixed charges for the
9 latest year of the period from the balance of income available
10 for the payment of fixed charges for the three-year period,
11 which amount is as great a proportion of its railway operating
12 revenues for the same three-year period as is the proportion of
13 railway operating revenues remaining for all class I railroads,
14 determined in the same manner and for the same period as for
15 the railroad.

16 b. The terms "*class I railroads*", "*balance of income*
17 *available for the payment of fixed charges*", "*fixed charges*"
18 and "*railway operating revenues*" when used in this subsection,
19 are to be given the same meaning as in the accounting reports
20 filed by a railroad company in accordance with the regulations
21 for common carriers by rail of the Interstate Commerce Act,
22 24 Stat. 379, codified at 49 U.S.C. § 1 - 40, 1001 - 1100,
23 provided that the "*balance of income available for the payment*
24 *of fixed charges*" and "*railway operating revenues remaining*",
25 as the terms are used in this subsection, shall be computed
26 before deduction of federal income or excess profits taxes;
27 and that in computing "*fixed charges*" there shall be excluded
28 interest and amortization charges applicable to debt called for
29 redemption or which will otherwise mature within six months
30 from the time of investment and for the payment of which funds
31 have been or currently are being specifically set aside.

32 c. The eligibility of railroad obligations described
33 ~~in the first sentence of this subsection~~ paragraph "a",
34 unnumbered paragraph 1, shall be determined exclusively
35 as provided herein, without regard to the provisions for

1 qualification contained in subsections 5 and 8 ~~of this section.~~
2 Provisions for qualification contained in this section shall
3 not be construed as applying to equipment trust obligations,
4 guaranteed stocks, or contingent interest bonds of railroad
5 companies. Investments made in accordance with the provisions
6 of this subsection shall not be eligible in excess of ten
7 percent of the legal reserve.

8 17. *Rules of valuation.*

9 a. (1) All bonds or other evidences of debt having a fixed
10 term and rate of interest, if amply secured and not in default
11 as to principal or interest, may be valued as follows:

12 ~~(1)~~ (a) If purchased at par, at the par value.

13 ~~(2)~~ (b) If purchased above or below par, on the basis of
14 the purchase price adjusted so as to bring the value to par at
15 maturity and so as to yield in the meantime the effective rate
16 of interest at which the purchase was made.

17 (2) In applying the ~~above~~ rule contained in subparagraph
18 (1), the purchase price shall in no case be taken at a higher
19 figure than the actual market value at the time of purchase.

20 b. Certificates of sale obtained by foreclosure of liens on
21 real estate shall be valued in an amount not greater than the
22 unpaid principal of the defaulted indebtedness plus any amounts
23 actually expended for taxes and acquisition costs.

24 c. (1) All investments, except those for which a specific
25 rule is provided in this subsection, shall be valued at
26 their market value, or at their appraised value, or at prices
27 determined by the commissioner of insurance as representing
28 their fair market value, or at a value as determined under
29 rules adopted by the national association of insurance
30 commissioners.

31 (2) The commissioner of insurance shall have full
32 discretion in determining the method of calculating values
33 according to the foregoing rules, but no company or association
34 shall be prevented from valuing any asset at an amount less
35 than that provided by this subsection.

1 19. *Other foreign government or corporate obligations.* Bonds
2 or other evidences of indebtedness, not to include currency,
3 issued, assumed, or guaranteed by a foreign government other
4 than Canada, or by a corporation incorporated under the laws
5 of a foreign government other than Canada. Such governmental
6 obligations must be valid, legally authorized and issued,
7 and on the date of acquisition have predominantly investment
8 qualities and characteristics as provided by rule. Such
9 corporate obligations must meet the qualifications established
10 in subsection 5 for bonds and other evidences of indebtedness
11 issued, assumed, or guaranteed by a corporation incorporated
12 under the laws of the United States or Canada. Foreign
13 investments authorized by this subsection are not eligible
14 in excess of twenty percent of the legal reserve of the life
15 insurance company or association. Investments in obligations
16 of a foreign government, other than Canada and the United
17 Kingdom, are not eligible in excess of two percent of the
18 legal reserve in the securities of foreign governments of any
19 one foreign nation. Investments in obligations of the United
20 Kingdom are not eligible in excess of four percent of the legal
21 reserve. Investments in a corporation incorporated under the
22 laws of a foreign government other than Canada are not eligible
23 in excess of two percent of the legal reserve in the securities
24 of any one foreign corporation.

25 a. Eligible investments in foreign obligations under this
26 subsection are limited to the types of obligations specifically
27 referred to in this subsection. This subsection in no way
28 limits or restricts investments in Canadian obligations and
29 securities specifically authorized in other subsections of this
30 section.

31 b. This subsection shall not authorize investment in
32 evidences of indebtedness issued, assumed, or guaranteed by a
33 foreign government which engages in a consistent pattern of
34 gross violations of human rights.

35 20. *Venture capital funds.*

1 a. Shares or equity interests in venture capital funds which
2 agree to invest an amount equal to at least fifty percent of
3 the funds in small businesses having their principal offices
4 within this state and having either more than one half of
5 their assets within this state or more than one half of their
6 employees employed within this state. A company shall not
7 invest more than five percent of its legal reserve under this
8 subsection.

9 b. For purposes of this subsection, "*venture capital*
10 *fund*" means a corporation, partnership, proprietorship, or
11 other entity formed under the laws of the United States, or
12 a state, district, or territory of the United States, whose
13 principal business is or will be the making of investments in,
14 and the provision of significant managerial assistance to,
15 small businesses which meet the small business administration
16 definition of small business. "*Equity interests*" means limited
17 partnership interests and other equity interests in which
18 liability is limited to the amount of the investment, but does
19 not mean general partnership interests or other interests
20 involving general liability. "*Venture capital fund*" includes an
21 equity interest in the Iowa fund of funds as defined in section
22 15E.62.

23 ~~"*Venture capital fund*" includes an equity interest in the~~
24 ~~Iowa fund of funds as defined in section 15E.62.~~

25 Sec. 112. Section 512B.6, subsection 1, Code 2011, is
26 amended to read as follows:

27 1. a. A society shall operate for the benefit of members
28 and their beneficiaries by fulfilling both of the following
29 purposes:

30 ~~a.~~ (1) Providing benefits as specified in section 512B.16.

31 ~~b.~~ (2) Operating for one or more social, intellectual,
32 educational, charitable, benevolent, moral, fraternal,
33 patriotic, or religious purposes for the benefit of its
34 members, which may also be extended to others.

35 b. The purposes listed in this subsection may be carried

1 out directly by the society, or indirectly through subsidiary
2 corporations or affiliated organizations.

3 Sec. 113. Section 512B.19, subsection 4, Code 2011, is
4 amended to read as follows:

5 4. a. A society shall provide in its laws that if its
6 reserves as to all or any class of certificates become
7 impaired, its supreme governing body or board of directors may
8 require that there be paid by the owners to the society the
9 amount of the owners' equitable proportion of the deficiency
10 as ascertained by its governing body or board, and that if the
11 payment is not made either of the following will apply:

12 ~~a.~~ (1) The required payment or assessment shall stand as
13 an indebtedness against the certificate and draw interest not
14 to exceed the rate specified for certificate loans under the
15 certificates.

16 ~~b.~~ (2) In lieu of or in combination with ~~paragraph~~
17 ~~"a"~~ subparagraph (1), the owner may accept a proportionate
18 reduction in benefits under the certificate.

19 b. The society may specify the manner of the election and
20 which alternative is to be presumed if no election is made.

21 Sec. 114. Section 512B.23, subsection 2, Code 2011, is
22 amended to read as follows:

23 2. a. The minimum standards of valuation for certificates
24 issued on or after January 1, 1991, shall be based on the
25 following tables:

26 ~~a.~~ (1) For certificates of life insurance, the
27 commissioner's 1980 standard ordinary mortality table or any
28 more recent table made applicable to life insurers.

29 ~~b.~~ (2) For annuity and pure endowment certificates, for
30 total and permanent disability benefits, for accidental death
31 benefits and for noncancelable accident and health benefits,
32 the tables authorized for use by life insurers in this state.

33 b. ~~Paragraphs "a" and "b"~~ Paragraph "a", subparagraphs (1)
34 and (2) are under valuation methods and standards, including
35 interest assumptions, in accordance with the laws of this state

1 applicable to life insurers issuing policies containing like
2 benefits.

3 Sec. 115. Section 514A.1, Code 2011, is amended to read as
4 follows:

5 **514A.1 Definition of accident and sickness insurance policy.**

6 1. ~~"Policy of accident and sickness insurance" as used in~~
7 ~~this chapter~~ As used in this chapter, "policy of accident and
8 sickness insurance" includes a policy or contract covering
9 insurance against loss resulting from sickness, or from bodily
10 injury or death by accident, or both. For the purposes of this
11 chapter the words "policy of accident and sickness insurance"
12 are interchangeable without deviation of meaning with the words
13 "policy of accident and health insurance" or the words ~~"policy~~
14 ~~of accident or health insurance."~~ "policy of accident or health
15 insurance".

16 2. This chapter applies to all individual policies of such
17 accident and sickness insurance written by Iowa or non-Iowa
18 companies or associations duly licensed under chapter 508, 515,
19 or 520 and, societies, orders, or associations licensed under
20 chapter 512B writing sickness and accident policies providing
21 benefits for loss of time.

22 3. Orders, societies or associations which admit to
23 membership only persons engaged in one or more crafts or
24 hazardous occupations in the same or similar lines of business
25 and the societies or auxiliaries to such orders shall not
26 be subject to the provisions of this chapter nor shall any
27 religious order be subject to the provisions of this chapter.

28 Sec. 116. Section 514B.3, Code 2011, is amended to read as
29 follows:

30 **514B.3 Application for a certificate of authority.**

31 1. An application for a certificate of authority shall be
32 verified by an officer or authorized representative of the
33 health maintenance organization, shall be in a form prescribed
34 by the commissioner, and shall set forth or be accompanied by
35 the following:

- 1 ~~1.~~ a. A copy of the basic organizational document, if
2 any, of the applicant such as the articles of incorporation,
3 articles of association, partnership agreement, trust
4 agreement, or other applicable documents, and all of its
5 amendments.
- 6 ~~2.~~ b. A copy of the bylaws, rules or similar document,
7 if any, regulating the conduct of the internal affairs of the
8 applicant.
- 9 ~~3.~~ c. A list of the names, addresses and official positions
10 of the persons who are to be responsible for the conduct of
11 the affairs of the applicant, including all members of the
12 board of directors, board of trustees, executive committee, or
13 other governing board or committee, the principal officers if
14 a corporation and the partners or members if a partnership or
15 association.
- 16 ~~4.~~ d. A copy of any contract made or to be made between any
17 providers or persons listed in ~~subsection 3~~ paragraph "c" and
18 the applicant.
- 19 ~~5.~~ e. A statement generally describing the health
20 maintenance organization including, but not limited to, a
21 description of its facilities and personnel.
- 22 ~~6.~~ f. A copy of the form of evidence of coverage.
- 23 ~~7.~~ g. A copy of the form of the group contract, if any,
24 which is to be issued to employers, unions, trustees or other
25 organizations.
- 26 ~~8.~~ h. Financial statements showing the applicant's
27 assets, liabilities and sources of financial support. If the
28 applicant's financial affairs are audited by an independent
29 certified public accountant, a copy of the applicant's most
30 recent regular certified financial statement shall satisfy this
31 requirement unless the commissioner directs that additional
32 financial information is required for the proper administration
33 of this chapter.
- 34 ~~9.~~ i. A description of the proposed method of marketing the
35 plan, a financial plan which includes a three-year projection

1 of operating results anticipated, and a statement as to the
2 sources of funding.

3 ~~10.~~ j. A power of attorney executed by any applicant
4 appointing the commissioner, the commissioner's successors in
5 office, and deputies to receive process in any legal action or
6 proceeding against the health maintenance organization on a
7 cause of action arising in this state.

8 ~~11.~~ k. A statement reasonably describing the geographic
9 area to be served.

10 ~~12.~~ l. A description of the complaint procedures to be
11 utilized as required under section 514B.14.

12 ~~13.~~ m. A description of the procedures and programs to be
13 implemented to meet the requirements for quality of health care
14 as determined by the director of public health under section
15 514B.4.

16 ~~14.~~ n. A description of the mechanism by which enrollees
17 shall be allowed to participate in matters of policy and
18 operation as required by section 514B.7.

19 ~~15.~~ o. Other information the commissioner finds reasonably
20 necessary to make the determinations required in section
21 514B.5.

22 2. A health maintenance organization shall, unless
23 otherwise provided for in this chapter, file notice with the
24 commissioner and receive approval from the commissioner before
25 modifying the operations described in the information required
26 by this section.

27 3. Upon receipt of an application for a certificate
28 of authority, the commissioner shall immediately transmit
29 copies of the application and accompanying documents to the
30 director of public health and the affected regional health
31 planning council, as authorized by Pub L. No. 89-749, 42 U.S.C.
32 § 246(b)2b, for their nonbinding consultation and advice.

33 Sec. 117. Section 514B.5, Code 2011, is amended to read as
34 follows:

35 **514B.5 Issuance and denial of a certificate of authority.**

1 1. The commissioner shall issue or deny a certificate
2 of authority to any person filing an application pursuant to
3 section 514B.3 within a reasonable period of time. Issuance
4 of a certificate of authority shall be granted upon payment
5 of the application fee prescribed in section 514B.22 if the
6 commissioner is satisfied that the following conditions are
7 met:

8 ~~1.~~ a. The persons responsible for the conduct of the
9 affairs of the applicant are competent and trustworthy.

10 ~~2.~~ b. The commissioner finds that the health maintenance
11 organization's proposed plan of operation meets the
12 requirements of section 514B.4.

13 ~~3.~~ c. The health maintenance organization provides or
14 arranges for the provision of basic health care services
15 on a prepaid basis, except that the health maintenance
16 organization may impose deductible and coinsurance charges
17 subject to approval by the commissioner. The commissioner
18 has the authority to promulgate rules pursuant to chapter 17A
19 establishing reasonable maximum deductible and coinsurance
20 charges which may be imposed by health maintenance
21 organizations.

22 ~~4.~~ d. The health maintenance organization is fiscally
23 sound and may reasonably be expected to meet its obligations
24 to enrollees. In making this determination, the commissioner
25 may consider:

26 ~~a.~~ (1) The financial soundness of the health maintenance
27 organization's arrangements for health care services in
28 relation to its schedule of charges.

29 ~~b.~~ (2) The adequacy of the health maintenance
30 organization's working capital.

31 ~~c.~~ (3) Any agreement made by the health maintenance
32 organization with an insurer, a corporation authorized under
33 chapter 514 or any other organization for insuring the payment
34 of the cost of health care services or for providing immediate
35 alternative coverage in the event of discontinuance of the

1 health maintenance organization.

2 ~~d.~~ (4) Any agreement made with providers for the provision
3 of health care services.

4 ~~e.~~ (5) Any surety bond or deposit of cash or securities
5 submitted in accordance with section 514B.16.

6 ~~5.~~ e. The enrollees may participate in matters of policy
7 and operation pursuant to section 514B.7.

8 ~~6.~~ f. Nothing in the proposed method of operation as shown
9 by the information submitted pursuant to section 514B.3 or by
10 independent investigation is contrary to the public interest.

11 2. A certificate of authority shall be denied only after
12 compliance with the requirements of section 514B.26.

13 Sec. 118. Section 514B.6, Code 2011, is amended to read as
14 follows:

15 **514B.6 Powers of health maintenance organizations.**

16 1. The powers of a health maintenance organization include,
17 but are not limited to, the following:

18 ~~1.~~ a. The purchase, lease, construction, renovation,
19 operation or maintenance of hospitals, medical facilities,
20 or both, and their ancillary equipment, and such property as
21 may reasonably be required for transacting the business of the
22 organization.

23 ~~2.~~ b. The making of loans to a medical group under contract
24 with it or to a corporation under its control for the purpose
25 of acquiring or constructing medical facilities and hospitals
26 or in furtherance of a program providing health care services
27 to enrollees.

28 ~~3.~~ c. The furnishing of health care services to the public
29 through providers which are under contract with or employed by
30 the health maintenance organization.

31 ~~4.~~ d. The contracting with any person for the performance
32 on its behalf of certain functions such as marketing,
33 enrollment and administration.

34 ~~5.~~ e. The contracting with an insurance company authorized
35 to insure groups or individuals in this state for the cost of

1 health care or with a corporation authorized under chapter 514
2 for the provision of insurance, indemnity, or reimbursement
3 against the cost of health care services provided by the health
4 maintenance organization.

5 ~~6.~~ f. The offering, in addition to basic health care
6 services, of health care services and indemnity benefits to
7 enrollees or groups of enrollees.

8 ~~7.~~ g. The acceptance from any person of payments covering
9 all or part of the charges made to enrollees of the health
10 maintenance organization.

11 2. A health maintenance organization shall file notice with
12 the commissioner before the exercise of any power granted in
13 ~~subsections 1 and 2~~ subsection 1, paragraphs "a" and "b". The
14 commissioner shall disapprove the exercise of power if in the
15 commissioner's opinion it would substantially and adversely
16 affect the financial soundness of the health maintenance
17 organization and endanger its ability to meet its obligations.
18 The commissioner may adopt rules exempting from the filing
19 requirement of this section those activities having a minimum
20 effect.

21 Sec. 119. Section 514B.9, Code 2011, is amended to read as
22 follows:

23 **514B.9 Evidence of coverage.**

24 1. Every enrollee shall receive an evidence of coverage
25 and any amendments. If the enrollee obtains coverage through
26 an insurance policy or a contract issued by a corporation
27 authorized under chapter 514, the insurer or the corporation
28 shall issue the evidence of coverage. No evidence of coverage
29 or amendment shall be issued or delivered to any person in this
30 state until a copy of the form of the evidence of coverage or
31 amendment has been filed with and approved by the commissioner.

32 2. An evidence of coverage shall contain a clear and
33 complete statement of:

34 ~~1.~~ a. The health care services and the insurance or other
35 benefits, if any, to which the enrollee is entitled in the

1 total context of the organizational structure of the health
2 maintenance organization.

3 ~~2.~~ b. Any limitations on the services or benefits to be
4 provided, including any deductible or coinsurance charges
5 permitted under section 514B.5, subsection ~~3~~ 1, paragraph "c".

6 ~~3.~~ c. The manner in which information is available on the
7 method of obtaining health care services.

8 ~~4.~~ d. The total amount of payment for health care services
9 and indemnity or service benefits, if any, which the enrollee
10 is obligated to pay with respect to individual contracts, or
11 an indication whether the plan offered through the health
12 maintenance organization is contributory or noncontributory
13 with respect to group contracts.

14 ~~5.~~ e. The health maintenance organization's method for
15 resolving enrollee complaints.

16 ~~6.~~ f. The mechanism by which enrollees shall be allowed to
17 participate in matters of policy and operation.

18 3. A copy of the form of the evidence of coverage to be
19 used in this state and any amendment shall be subject to the
20 filing and approval requirements of this section unless it
21 is subject to the jurisdiction of the commissioner under the
22 laws governing health insurance or corporations authorized
23 under chapter 514 in which event the filing and approval
24 provisions of such laws apply. To the extent, however, that
25 those provisions are less strict than those provided under this
26 section, then the requirements of this section shall apply.

27 4. Enrollees shall be entitled to receive the most recent
28 annual statement of the financial condition of the health
29 maintenance organization in which they are enrolled, which
30 statement shall include a balance sheet and summary of receipts
31 and disbursements.

32 Sec. 120. Section 515.35, subsection 4, paragraphs a and e,
33 Code 2011, are amended to read as follows:

34 *a. United States government obligations.* Obligations
35 issued or guaranteed by the United States or an agency or

1 instrumentality of the United States. Bonds or other evidences
2 of indebtedness issued, assumed, or guaranteed by the United
3 States of America, or by any agency or instrumentality
4 of the United States of America include investments in an
5 open-end management investment company registered with the
6 federal securities and exchange commission under the federal
7 Investment Company Act of 1940, 15 U.S.C. § 80a, and operated
8 in accordance with 17 C.F.R. § 270.2a-7, the portfolio of
9 which is limited to the United States government obligations
10 described in this paragraph "a", and which are included in the
11 national association of insurance commissioners' securities
12 valuation office's United States direct obligation - full faith
13 and credit list.

14 ~~Bonds or other evidences of indebtedness issued, assumed,~~
15 ~~or guaranteed by the United States of America, or by any~~
16 ~~agency or instrumentality of the United States of America~~
17 ~~include investments in an open-end management investment~~
18 ~~company registered with the federal securities and exchange~~
19 ~~commission under the federal Investment Company Act of 1940,~~
20 ~~15 U.S.C. § 80a, and operated in accordance with 17 C.F.R.~~
21 ~~§ 270.2a-7, the portfolio of which is limited to the United~~
22 ~~States government obligations described in this paragraph "a",~~
23 ~~and which are included in the national association of insurance~~
24 ~~commissioners' securities valuation office's United States~~
25 ~~direct obligation - full faith and credit list.~~

26 *e. Corporate and business trust obligations.* Obligations
27 issued, assumed, or guaranteed by a corporation or business
28 trust organized under the laws of the United States or a state
29 of the United States, or the laws of Canada or a province of
30 Canada, provided that a company shall not invest more than five
31 percent of its admitted assets in the obligations of any one
32 corporation or business trust. Aggregate investments in below
33 investment grade bonds shall not exceed five percent of assets.

34 ~~Aggregate investments in below investment grade bonds shall~~
35 ~~not exceed five percent of assets.~~

1 Sec. 121. Section 515.35, subsection 4, paragraph h,
2 subparagraph (1), Code 2011, is amended to read as follows:

3 (1) (a) Except as provided in subparagraphs (2), (3), and
4 (4) of this paragraph, a company may acquire, hold, and convey
5 real estate only as follows:

6 ~~(a)~~ (i) Real estate mortgaged to it in good faith as
7 security for loans previously contracted, or for moneys due.

8 ~~(b)~~ (ii) Real estate conveyed to it in satisfaction of
9 debts previously contracted in the course of its dealings.

10 ~~(c)~~ (iii) Real estate purchased at sales on judgments,
11 decrees, or mortgages obtained or made for debts previously
12 contracted in the course of its dealings.

13 ~~(d)~~ (iv) Real estate subject to a contract for deed under
14 which the company holds the vendor's interest to secure the
15 payments the vendee is required to make under the contract.

16 (b) All real estate specified in subparagraph ~~divisions~~
17 ~~(a), (b), and (c)~~ division (a), subparagraph subdivisions (i),
18 (ii), and (iii) shall be sold and disposed of within three
19 years after the company acquires title to it, or within three
20 years after the real estate ceases to be necessary for the
21 accommodation of the company's business, and the company shall
22 not hold any of those properties for a longer period unless the
23 company elects to hold the property under another paragraph of
24 this section, or unless the company procures a certificate from
25 the commissioner of insurance that its interest will suffer
26 materially by the forced sale of those properties and that the
27 time for the sale is extended to the time the commissioner
28 directs in the certificate.

29 Sec. 122. Section 515.35, subsection 4, paragraph m, Code
30 2011, is amended to read as follows:

31 *m. Venture capital funds.* Shares or equity interests in
32 venture capital funds which agree to invest an amount equal to
33 at least fifty percent of the investments by a company in small
34 businesses having their principal offices within this state and
35 having either more than one-half of their assets within this

1 state or more than one-half of their employees employed within
2 this state. A company shall not invest more than five percent
3 of its capital and surplus under this paragraph. For purposes
4 of this paragraph, "venture capital fund" means a corporation,
5 partnership, proprietorship, or other entity formed under the
6 laws of the United States, or a state, district, or territory
7 of the United States, whose principal business is or will be
8 the making of investments in, and the provision of significant
9 managerial assistance to, small businesses which meet the small
10 business administration definition of small business. "Equity
11 interests" means limited partnership interests and other equity
12 interests in which liability is limited to the amount of the
13 investment, but does not mean general partnership interests or
14 other interests involving general liability. "Venture capital
15 fund" includes an equity interest in the Iowa fund of funds as
16 defined in section 15E.62.

17 ~~"Venture capital fund" includes an equity interest in the~~
18 ~~Iowa fund of funds as defined in section 15E.62.~~

19 Sec. 123. Section 515B.9, subsection 1, Code 2011, is
20 amended to read as follows:

21 1. a. Any person having a claim under an insurance policy,
22 and the claim under such other policy alleges the same damages
23 or arises from the same facts, injury, or loss that gives rise
24 to a covered claim against the association, shall be required
25 to first exhaust all coverage provided by that policy, whether
26 such coverage is on a primary, excess, or pro rata basis and
27 any obligation of the association shall not be considered other
28 insurance.

29 (1) Any amount payable on a covered claim shall be reduced
30 by the full applicable limits of such other insurance policy
31 and the association shall receive full credit for such limits
32 or where there are no applicable limits, the claim shall be
33 reduced by the total recovery.

34 ~~a.~~ (2) A policy providing liability coverage to a person
35 who may be jointly and severally liable with, or a joint

1 tortfeasor with, the person covered under the policy of the
2 insolvent insurer shall be first exhausted before any claim is
3 made against the association and the association shall receive
4 credit for the same as provided above.

5 *b.* For purposes of this section, an insurance policy means a
6 policy issued by an insurance company, whether or not a member
7 insurer, which policy insures any of the types of risks insured
8 by an insurance company authorized to write insurance under
9 chapter 515, 516A, or 520, or comparable statutes of another
10 state, except those types of risks set forth in chapters 508
11 and 514.

12 Sec. 124. Section 515E.2, subsections 2, 6, and 7, Code
13 2011, are amended to read as follows:

14 2. *a.* "*Completed operations liability*" means liability
15 arising out of the installation, maintenance, or repair of any
16 product at a site which is not owned or controlled by either of
17 the following:

18 ~~*a.*~~ (1) A person who performs that work.

19 ~~*b.*~~ (2) A person who hires an independent contractor to
20 perform that work.

21 *b.* However, liability for activities which are completed or
22 abandoned before the date of the occurrence giving rise to the
23 liability is included.

24 6. *a.* "*Liability*" means legal liability for damages,
25 including costs of defense, legal costs and fees, and other
26 claims expenses, because of injuries to other persons, damage
27 to their property, or other damage or loss to other persons
28 resulting from or arising out of either of the following:

29 ~~*a.*~~ (1) A business, whether profit or nonprofit, trade,
30 product, services, including professional services, premises,
31 or operations.

32 ~~*b.*~~ (2) An activity of a state or local government, or an
33 agency or political subdivision of state or local government.

34 *b.* "*Liability*" does not include personal risk liability and
35 an employer's liability with respect to its employees other

1 than an employer's legal liability under the federal Employers'
2 Liability Act, 45 U.S.C. § 51 et seq.

3 7. "*Personal risk liability*" means liability for damages
4 because of injury to a person, damage to property, or
5 other loss or damage resulting from personal, familial, or
6 household responsibilities or activities, rather than from
7 responsibilities or activities referred to in subsection 6,
8 paragraphs "a" and "b" paragraph "a", subparagraphs (1) and (2).

9 Sec. 125. Section 515E.4, unnumbered paragraphs 1 and 2,
10 Code Supplement 2011, are amended to read as follows:

11 Risk retention groups chartered in other states and seeking
12 to do business as a risk retention group in this state must
13 observe and abide by the laws of this state as provided in this
14 section. However, a risk retention group failing to qualify
15 under the definitional requirement of the federal Act, will not
16 benefit from this exemption from state law. The commissioner,
17 therefore, may apply any of the laws that otherwise may be
18 preempted by the federal Act because the nonexempt group will
19 not qualify for the preemption.

20 ~~However, a risk retention group failing to qualify under~~
21 ~~the definitional requirement of the federal Act, will not~~
22 ~~benefit from this exemption from state law. The commissioner,~~
23 ~~therefore, may apply any of the laws that otherwise may be~~
24 ~~preempted by the federal Act because the nonexempt group will~~
25 ~~not qualify for the preemption.~~

26 Sec. 126. Section 515F.6, subsection 3, unnumbered
27 paragraph 2, Code 2011, is amended to read as follows:

28 4. If, after hearing, the commissioner finds that the
29 filing does not meet the requirements of this chapter, the
30 commissioner shall issue an order specifying in what respects
31 the filing fails to meet the requirements of this chapter, and
32 stating when, within a reasonable period after the order is
33 issued, the filing shall no longer be in effect. Copies of the
34 order shall be sent to the applicant and to every insurer and
35 advisory organization which made that filing. The order shall

1 not affect a contract or policy made or issued prior to the
2 expiration of the period set forth in the order.

3 Sec. 127. Section 516D.4, Code 2011, is amended to read as
4 follows:

5 **516D.4 Collision damage and loss.**

6 1. a. A rental company shall not hold, or attempt to hold,
7 an authorized driver liable for physical damage to a rental
8 vehicle, loss due to theft of a rental vehicle, or damages
9 resulting from the loss of use of a rental vehicle, unless the
10 rental company offers the customer a collision damage waiver
11 under the terms and conditions described in subsection 2 of
12 ~~this section~~, or unless one or more of the following applies:

13 ~~a.~~ (1) The damage or loss is caused intentionally by an
14 authorized driver or is a result of the authorized driver's
15 willful, abusive, reckless, or wanton misconduct.

16 ~~b.~~ (2) The damage or loss arises out of the authorized
17 driver's operation of the rental vehicle while intoxicated or
18 under the influence of a drug.

19 ~~c.~~ (3) The damage or loss is caused while the authorized
20 driver is engaged in a race, training activity, contest, or use
21 of the rental vehicle for an illegal purpose.

22 ~~d.~~ (4) The rental agreement is based on false or misleading
23 information supplied by the customer or an authorized driver.

24 ~~e.~~ (5) The damage or loss is caused by operating the
25 rental vehicle other than on regularly maintained hard surface
26 roadways, including private driveways and parking lots.

27 ~~f.~~ (6) The damage or loss arises out of the use of the
28 rental vehicle to transport persons or property for hire or to
29 push or tow anything.

30 ~~g.~~ (7) The damage or loss occurs while the rental vehicle
31 is operated by a driver other than an authorized driver.

32 ~~h.~~ (8) The damage or loss arises out of the use of the
33 rental vehicle outside the continental United States unless
34 such use is specifically authorized by the rental agreement.

35 ~~i.~~ (9) The damage or loss is attributable to theft which

1 occurs with the prior knowledge or knowing participation of an
2 authorized driver, or which is attributable to the authorized
3 driver leaving the rental vehicle unattended with the keys in
4 the rental vehicle.

5 b. This section does not alter the liability of a customer
6 or authorized driver for bodily injury or the death of another
7 and for property damage other than to the rental vehicle in
8 accordance with the rental agreement. This section does not
9 prohibit a rental company from accepting or negotiating master
10 contracts with companies or government entities in advance of
11 need whereby the companies or government entities specifically
12 agree to assume liability in exchange for rate concessions.
13 This section does not prohibit a rental company from entering
14 into agreements with insurance companies to provide replacement
15 vehicles to insurance company customers whereby the insurance
16 company agrees to assume the risk of loss.

17 c. If the rental vehicle is not repaired, damages shall not
18 exceed the fair market value of the vehicle, as determined in
19 the customary market for that vehicle, less salvage or actual
20 sale value, plus additional license and tax fees incurred
21 because of the sale, plus administrative fees. A claim shall
22 not be made for loss of use if the rental vehicle is not
23 repaired.

24 2. a. A rental company may offer a collision damage waiver
25 under the following terms and conditions:

26 a. (1) All restrictions, conditions, and exclusions must
27 be printed in the rental agreement, or on a separate sheet or
28 document, in ten point type, or larger; or written in pen and
29 ink or typewritten in or on the face of the rental agreement
30 in a blank space provided for such restrictions, conditions,
31 and exclusions. The rental agreement may provide that the
32 collision damage waiver may be voided under the conditions set
33 forth in subsection 1, ~~paragraphs "a" through "i"~~ paragraph "a",
34 subparagraphs (1) through (9).

35 b. (2) The rental agreement, separate sheet, or document

1 must clearly and conspicuously state both the daily and
2 estimated total charge for the collision damage waiver.

3 ~~e.~~ (3) (a) The rental agreement, separate sheet, or
4 document given to the customer prior to entering into the
5 rental agreement must display in ten point type, or larger, the
6 following notice:

7 NOTICE: THIS CONTRACT OFFERS, FOR AN ADDITIONAL CHARGE,
8 A COLLISION DAMAGE WAIVER TO COVER ALL OR PART OF YOUR
9 RESPONSIBILITY FOR DAMAGE TO THE RENTAL VEHICLE.

10 BEFORE DECIDING WHETHER TO PURCHASE THE COLLISION DAMAGE
11 WAIVER, YOU MAY WISH TO DETERMINE WHETHER YOUR OWN AUTOMOBILE
12 INSURANCE AFFORDS YOU COVERAGE FOR DAMAGE TO THE RENTAL VEHICLE
13 AND THE AMOUNT OF THE DEDUCTIBLE UNDER YOUR OWN INSURANCE
14 COVERAGE. THE PURCHASE OF THIS COLLISION DAMAGE WAIVER IS NOT
15 MANDATORY AND MAY BE DECLINED.

16 (b) The customer must separately acknowledge that the
17 customer received the above notice, that the customer desires
18 to purchase the collision damage waiver, and the terms of the
19 collision damage waiver to which the customer agrees.

20 ~~d.~~ (4) The car rental company shall not pay commissions to
21 a rental counter agent or representative for selling collision
22 damage waivers and is prohibited from considering volume of
23 sales of collision damage waivers in an employee evaluation or
24 determination of promotion.

25 b. However, notwithstanding whether a rental company
26 offers a collision damage waiver under the provisions of this
27 subsection, the rental company shall not hold an authorized
28 driver liable for damage or loss due to theft except where
29 subsection 1, paragraph ~~"i"~~ "a", subparagraph (9) applies.

30 Sec. 128. Section 518C.3, subsection 4, paragraph b, Code
31 Supplement 2011, is amended to read as follows:

32 b. (1) *"Covered claim"* does not include any of the
33 following:

34 ~~(1)~~ (a) An amount due a reinsurer, insurer, insurance pool,
35 underwriting association, or other group assuming insurance

1 risks, as subrogation, contribution, indemnity recoveries, or
2 otherwise.

3 ~~(2)~~ (b) An amount that constitutes the portion of a
4 claim that is within an insured's deductible or self-insured
5 retention.

6 ~~(3)~~ (c) A fee or other amount relating to goods or services
7 sought by or on behalf of an attorney, adjuster, witness, or
8 other provider of goods or services retained by the insolvent
9 insurer or by an insured prior to the date the insurer was
10 declared insolvent.

11 ~~(4)~~ (d) An amount that constitutes a fine, penalty,
12 interest, or punitive or exemplary damages.

13 ~~(5)~~ (e) A fee or other amount sought by or on behalf of
14 an attorney, adjuster, witness, or other provider of goods or
15 services retained by the insured or claimant in connection with
16 the assertion of any claim, covered or otherwise, against the
17 association.

18 ~~(6)~~ (f) A claim filed with the association or with a
19 liquidator for protection afforded under the insured's policy
20 or contract for incurred but not reported losses or expenses.

21 ~~(7)~~ (g) An amount that is an obligation owed to or on
22 behalf of an affiliate of, as defined in section 521A.1, an
23 insolvent insurer.

24 (2) Notwithstanding ~~subparagraphs (1) through (7)~~
25 subparagraph (1), subparagraph divisions (a) through (g), a
26 person is not prevented from presenting a noncovered claim
27 to the insolvent insurer or its liquidator. However, the
28 noncovered claim shall not be asserted against any other
29 person, including the person to whom benefits were paid or the
30 insured of the insolvent insurer, except to the extent that
31 the claim is outside the coverage of the policy issued by the
32 insolvent insurer.

33 Sec. 129. Section 521A.3, subsections 1 and 2, Code 2011,
34 are amended to read as follows:

35 1. *Filing requirements.*

1 a. No person other than the issuer shall make a tender offer
2 for or a request or invitation for tenders of, or enter into
3 any agreement to exchange securities for, seek to acquire, or
4 acquire, in the open market or otherwise, any voting security
5 of a domestic insurer if, after the consummation thereof,
6 such person would, directly or indirectly, or by conversion
7 or by exercise of any right to acquire, be in control of such
8 insurer, and no person shall enter into an agreement to merge
9 with or otherwise to acquire control of a domestic insurer
10 unless, at the time any such offer, request, or invitation
11 is made or any such agreement is entered into, or prior to
12 the acquisition of such securities if no offer or agreement
13 is involved, such person has filed with the commissioner and
14 has sent to such insurer, and such insurer has sent to its
15 shareholders, a statement containing the information required
16 by this section and such offer, request, invitation, agreement
17 or acquisition has been approved by the commissioner in the
18 manner hereinafter prescribed.

19 b. For purposes of this section a domestic insurer shall
20 include any other person controlling a domestic insurer unless
21 the other person is either directly or through its affiliates
22 primarily engaged in business other than the business of
23 insurance. However, for purposes of this section "*person*"
24 does not include a securities broker holding, in the usual and
25 customary broker's function, less than twenty percent of the
26 voting securities of an insurance company or of a person which
27 controls an insurance company.

28 2. *Content of statement.*

29 a. The statement to be filed with the commissioner hereunder
30 shall be made under oath or affirmation and shall contain the
31 following information:

32 a. (1) The name and address of each person by whom or
33 on whose behalf the merger or other acquisition of control
34 referred to in subsection 1 ~~of this section~~ is to be effected,
35 hereinafter called "*acquiring party*".

1 ~~(1)~~ (a) If such person is an individual, the individual's
2 principal occupation and all offices and positions held during
3 the past five years, and any conviction of crimes other than
4 minor traffic violations during the past ten years.

5 ~~(2)~~ (b) If such person is not an individual, a report
6 of the nature of its business operations during the past
7 five years or for such lesser period as such person and
8 any predecessors thereof shall have been in existence; an
9 informative description of the business intended to be done
10 by such person and such person's subsidiaries; and a list of
11 all individuals who are or who have been selected to become
12 directors or executive officers of such person, or who perform
13 or will perform functions appropriate to such positions. Such
14 list shall include for each such individual the information
15 required by subparagraph ~~(1) of this paragraph~~ division (a).

16 ~~b.~~ (2) The source, nature and amount of the consideration
17 used or to be used in effecting the merger or other acquisition
18 of control, a description of any transaction in which funds
19 were or are to be obtained for any such purpose including a
20 pledge of the insurer's stock, or the stock of any of its
21 subsidiaries or controlling affiliates, and the identity of
22 persons furnishing the consideration. However, if a source
23 of the consideration is a loan made in the lender's ordinary
24 course of business, the identity of the lender shall remain
25 confidential, if the person filing the statement so requests.

26 ~~c.~~ (3) Fully audited financial information as to the
27 earnings and financial condition of each acquiring party for
28 the preceding five fiscal years of each such acquiring party,
29 or for such lesser period as such acquiring party and any
30 predecessors thereof shall have been in existence, and similar
31 unaudited information as of a date not earlier than ninety days
32 prior to the filing of the statement.

33 ~~d.~~ (4) Any plans or proposals which each acquiring party
34 may have to liquidate such insurer, to sell its assets or
35 merge or consolidate it with any person, or to make any other

1 material change in its business or corporate structure or
2 management.

3 ~~e.~~ (5) The number of shares of any security referred to
4 in subsection 1 ~~of this section~~ which each acquiring party
5 proposes to acquire, and the terms of the offer, request,
6 invitation, agreement, or acquisition referred to in subsection
7 1 ~~of this section~~, and a statement as to the method by which the
8 fairness of the proposal was arrived at.

9 ~~f.~~ (6) The amount of each class of any security referred
10 to in subsection 1 ~~of this section~~ which is beneficially owned
11 or concerning which there is a right to acquire beneficial
12 ownership by each acquiring party.

13 ~~g.~~ (7) A full description of any contracts, arrangements
14 or understandings with respect to any security referred to
15 in subsection 1 ~~of this section~~ in which any acquiring party
16 is involved, including but not limited to transfer of any of
17 the securities, joint ventures, loan or option arrangements,
18 puts or calls, guarantees of loans, guarantees against loss
19 or guarantees of profits, division of losses or profits, or
20 the giving or withholding of proxies. Such description shall
21 identify the persons with whom such contracts, arrangements or
22 understandings have been entered into.

23 ~~h.~~ (8) A description of the purchase of any security
24 referred to in subsection 1 ~~of this section~~ during the twelve
25 calendar months preceding the filing of the statement, by any
26 acquiring party, including the dates of purchase, names of
27 the purchasers, and consideration paid or agreed to be paid
28 therefor.

29 ~~i.~~ (9) A description of any recommendations to purchase
30 any security referred to in subsection 1 ~~of this section~~ made
31 during the twelve calendar months preceding the filing of the
32 statement, by any acquiring party, or by anyone based upon
33 interview or at the suggestion of such acquiring party.

34 ~~j.~~ (10) Copies of all tender offers for, requests or
35 invitations for tenders of, exchange offers for, and agreements

1 to acquire or exchange any securities referred to in subsection
2 ~~1 of this section~~, and, if distributed, of additional
3 soliciting material relating thereto.

4 ~~k.~~ (11) The terms of any agreement, contract or
5 understanding made with any broker-dealer as to solicitation
6 of securities referred to in subsection ~~1 of this section~~
7 for tender, and the amount of any fees, commissions or other
8 compensation to be paid to broker-dealers with regard thereto.

9 ~~l.~~ (12) Additional information as the commissioner may by
10 rule prescribe as necessary or appropriate for the protection
11 of policyholders of the insurer or in the public interest.

12 b. If the person required to file the statement referred
13 to in subsection ~~1 of this section~~ is a partnership, limited
14 partnership, syndicate or other group, the commissioner may
15 require that the information called for by ~~paragraphs "a"~~
16 ~~through "l" of this subsection~~ paragraph "a", subparagraphs
17 (1) through (12) shall be given with respect to each partner
18 of such partnership or limited partnership, each member of
19 such syndicate or group, and each person who controls such
20 partner or member. If any such partner, member or person is
21 a corporation or the person required to file the statement
22 referred to in subsection ~~1 of this section~~ is a corporation,
23 the commissioner may require that the information called for
24 by ~~paragraphs "a" through "l" of this subsection~~ paragraph
25 "a", subparagraphs (1) through (12) shall be given with
26 respect to such corporation, each officer and director of such
27 corporation, and each person who is directly or indirectly the
28 beneficial owner of more than ten percent of the outstanding
29 voting securities of such corporation. If any material change
30 occurs in the facts set forth in the statement filed with the
31 commissioner and sent to such insurer pursuant to this section,
32 an amendment setting forth such change, together with copies of
33 all documents and other material relevant to such change, shall
34 be filed with the commissioner and sent to such insurer within
35 two business days after the person learns of such change. Such

1 insurer shall send such amendment to its shareholders.

2 Sec. 130. Section 521B.2, unnumbered paragraph 1, Code
3 2011, is amended to read as follows:

4 Credit for reinsurance is allowed a domestic ceding insurer
5 as either an asset or a deduction from liability on account of
6 reinsurance ceded only if the reinsurer meets the requirements
7 of subsection 1, 2, 3, 4, or 5. If the reinsurer meets
8 the requirements of subsection 3 or 4, the requirements of
9 subsection 6 must also be met. This section does not apply to
10 reinsurance ceded and assumed pursuant to pooling arrangements
11 among insurers in the same holding company system.

12 Sec. 131. Section 521B.2, subsection 2, Code 2011, is
13 amended to read as follows:

14 2. a. Credit is allowed if the reinsurance is ceded to an
15 assuming insurer which is accredited as a reinsurer in this
16 state. An accredited reinsurer is one which satisfies all of
17 the following conditions:

18 ~~a.~~ (1) Files with the commissioner evidence of submission
19 to the jurisdiction of this state.

20 ~~b.~~ (2) Submits to the authority of this state to examine
21 its books and records.

22 ~~c.~~ (3) Is licensed to transact reinsurance in at least one
23 state, or in the case of a United States branch of an alien
24 assuming insurer, is entered through and licensed to transact
25 the business of reinsurance in at least one state.

26 ~~d.~~ (4) Files annually with the commissioner a copy of
27 its annual statement filed with the insurance department of
28 its state of domicile and a copy of its most recent audited
29 financial statement and does either of the following:

30 ~~(1)~~ (a) Maintains a surplus with respect to policyholders
31 in an amount which is not less than twenty million dollars and
32 whose accreditation has not been denied by the commissioner
33 within ninety days of its submission to the jurisdiction of
34 this state.

35 ~~(2)~~ (b) Maintains a surplus with respect to policyholders

1 in an amount less than twenty million dollars and whose
2 accreditation has been approved by the commissioner. Credit
3 shall not be allowed a domestic ceding insurer, if the
4 accreditation of the assuming insurer is revoked by the
5 commissioner after notice and hearing.

6 b. To qualify as an accredited reinsurer, an assuming
7 insurer must meet all of the requirements and the standards
8 set forth in this subsection. If the commissioner determines
9 that the assuming insurer has failed to continue to meet any
10 of these requirements or standards, the commissioner may upon
11 written notice and hearing revoke accreditation of the assuming
12 insurer.

13 ~~This section does not apply to reinsurance ceded and assumed~~
14 ~~pursuant to pooling arrangements among insurers in the same~~
15 ~~holding company system.~~

16 Sec. 132. Section 521C.3, subsection 5, Code 2011, is
17 amended to read as follows:

18 5. a. The commissioner may refuse to issue a reinsurance
19 intermediary license if, in the commissioner's judgment, any of
20 the following conditions are present:

21 ~~a.~~ (1) The applicant, anyone named in the application, or
22 any member, principal, officer, or director of the applicant,
23 is not trustworthy.

24 ~~b.~~ (2) A controlling person of such applicant is not
25 trustworthy to act as a reinsurance intermediary.

26 ~~c.~~ (3) Conditions present in ~~paragraph "a" or "b"~~
27 subparagraph (1) or (2) have given cause for revocation or
28 suspension of a license, or a person referred to in ~~paragraph~~
29 ~~"a" or "b"~~ subparagraph (1) or (2) has failed to comply with any
30 prerequisite for the issuance of a license.

31 b. Upon written request, the commissioner shall furnish a
32 written summary of the basis for refusal to issue a license,
33 which document is privileged and not subject to disclosure
34 under chapter 22.

35 Sec. 133. Section 521D.4, subsection 3, Code 2011, is

1 amended to read as follows:

2 3. a. A report required to be filed pursuant to this
3 chapter is to be filed regardless of who has initiated the
4 nonrenewal, cancellation, or revision of the ceded reinsurance
5 agreement whenever one or more of the following conditions
6 exist:

7 ~~a.~~ (1) The entire cession has been canceled, nonrenewed,
8 or revised and ceded indemnity and loss adjustment expense
9 reserves, after any nonrenewal, cancellation, or revision,
10 represent less than fifty percent of the comparable reserves
11 that would have been ceded had the nonrenewal, cancellation, or
12 revision not occurred.

13 ~~b.~~ (2) An authorized or accredited reinsurer has been
14 replaced on an existing cession by an unauthorized reinsurer.

15 ~~c.~~ (3) Collateral requirements previously established for
16 unauthorized reinsurers have been reduced.

17 b. Subject to the materiality criteria, for purposes of
18 ~~paragraphs "b" and "c"~~ paragraph "a", subparagraphs (2) and (3),
19 a report shall be filed if the result of the revision affects
20 more than ten percent of the cession.

21 Sec. 134. Section 524.605, Code 2011, is amended to read as
22 follows:

23 **524.605 Liability of directors in certain cases.**

24 1. In addition to any other liabilities imposed by law upon
25 directors of a state bank:

26 ~~1.~~ a. Directors of a state bank who vote for or assent
27 to the declaration of any dividend or other distribution of
28 the assets of a state bank to its shareholders in willful or
29 negligent violation of the provisions of this chapter or of
30 any restrictions contained in the articles of incorporation,
31 shall be jointly and severally liable to the state bank for
32 the amount of such dividend which is paid or the value of
33 such assets which are distributed in excess of the amount
34 of such dividend or distribution which could have been
35 paid or distributed without a violation of the provisions

1 of this chapter or of the restrictions in the articles of
2 incorporation.

3 ~~2.~~ b. The directors of a state bank who vote for or
4 assent to any distribution of assets of a state bank to its
5 shareholders during the dissolution of the state bank without
6 the payment and discharge of, or making adequate provision for,
7 all known debts, obligations, and liabilities of the state bank
8 shall be jointly and severally liable to the state bank for the
9 value of such assets which are distributed, to the extent that
10 such debts, obligations and liabilities of the state bank are
11 not thereafter paid and discharged.

12 ~~3.~~ c. The directors of a state bank who, willfully or
13 negligently, vote for or assent to loans or extensions of
14 credit in violation of the provisions of this chapter, shall be
15 jointly and severally liable to the state bank for the total
16 amount of any loss sustained.

17 ~~4.~~ d. The directors of a state bank who, willfully or
18 negligently, vote for or assent to any investment of funds of
19 the state bank in violation of the provisions of this chapter
20 shall be jointly and severally liable to the state bank for the
21 amount of any loss sustained on such investment.

22 2. A director of a state bank who is present at a meeting
23 of its board of directors at which action on any matter is
24 taken shall be presumed to have assented to the action taken
25 unless the director's dissent shall be entered in the minutes
26 of the meeting or unless the director shall file the director's
27 written dissent to such action with the individual acting as
28 the secretary of the meeting before the adjournment thereof or
29 shall forward such dissent by registered or certified mail to
30 the cashier of the state bank promptly after the adjournment
31 of the meeting. Such right to dissent shall not apply to a
32 director who voted in favor of such action.

33 3. A director shall not be liable under subsection 1, ~~2~~
34 ~~3, or 4 of this section~~ paragraph "a", "b", "c", or "d" if
35 the director relied and acted in good faith upon information

1 represented to the director to be correct by an officer or
2 officers of such state bank or stated in a written report by a
3 certified public accountant or firm of such accountants. No
4 director shall be deemed to be negligent within the meaning
5 of this section if the director in good faith exercised that
6 diligence, care and skill which an ordinarily prudent person
7 would exercise as a director under similar circumstances.

8 4. Any director against whom a claim shall be asserted under
9 or pursuant to this section for the payment of a dividend or
10 other distribution of assets of a state bank and who shall be
11 held liable thereon, shall be entitled to contribution from
12 the shareholders who accepted or received any such dividend or
13 assets, knowing such dividend or distribution to have been made
14 in violation of the provisions of this chapter, in proportion
15 to the amounts received by them respectively. Further, any
16 director against whom a claim shall be asserted pursuant to
17 this section for the payment of any liability imposed by this
18 section shall be entitled to contribution from any director
19 found to be similarly liable.

20 5. Whenever the superintendent deems it necessary the
21 superintendent may require, after affording an opportunity for
22 a hearing upon adequate notice, that a director or directors
23 whom the superintendent reasonably believes to be liable to
24 a state bank pursuant to subsection 1, ~~2, 3, or 4~~ of this
25 section paragraph "a", "b", "c", or "d", to place in an escrow
26 account in an insured bank located in this state, as directed
27 by the superintendent, an amount sufficient to discharge any
28 liability which may accrue pursuant to subsection 1, ~~2, 3,~~
29 ~~or 4~~ of this section paragraph "a", "b", "c", or "d". The
30 amount so deposited shall be paid over to the state bank by
31 the superintendent upon final determination of the amount of
32 such liability. Any portion of the escrow account which is not
33 necessary to meet such liability shall be repaid on a pro rata
34 basis to the directors who contributed to the fund.

35 6. Any action seeking to impose liability under this

1 section, other than liability for contribution, shall be
2 commenced only within five years of the action complained of
3 and not thereafter.

4 Sec. 135. Section 524.901, subsection 7, Code 2011, is
5 amended to read as follows:

6 7. a. A state bank, upon the approval of the
7 superintendent, may invest up to five percent of its aggregate
8 capital in the shares or equity interests of any of the
9 following:

10 ~~a.~~ (1) Economic development corporations organized under
11 chapter 496B to the extent authorized by and subject to the
12 limitations of that chapter.

13 ~~b.~~ (2) Community development corporations or community
14 development projects to the same extent a national bank may
15 invest in such corporations or projects pursuant to 12 U.S.C.
16 § 24.

17 ~~c.~~ (3) Small business investment companies as defined by
18 the laws of the United States.

19 ~~d.~~ (4) Venture capital funds which invest an amount equal
20 to at least fifty percent of a state bank's investment in small
21 businesses having their principal offices within this state and
22 having either more than one-half of their assets within this
23 state or more than one-half of their employees employed within
24 this state.

25 ~~e.~~ (5) Small businesses having a principal office within
26 this state and having either more than one-half of their assets
27 within this state or more than one-half of their employees
28 employed within this state. An investment by a state bank
29 in a small business under this ~~paragraph~~ subparagraph shall
30 be included with the obligations of the small business to
31 the state bank that are incurred as a result of the exercise
32 by the state bank of the powers conferred in section 524.902
33 for the purpose of determining the total obligations of the
34 small business pursuant to section 524.904. A state bank's
35 equity interest investment in a small business, pursuant to

1 this ~~paragraph~~ subparagraph, shall not exceed a twenty percent
2 ownership interest in the small business.

3 ~~f.~~ (6) Other entities, acceptable to the superintendent,
4 whose sole purpose is to promote economic or civic developments
5 within a community or this state.

6 b. A state bank's total investment in any combination of
7 the shares or equity interests of the entities identified
8 in ~~paragraphs "a" through "f"~~ paragraph "a", subparagraphs
9 (1) through (6) shall be limited to fifteen percent of its
10 aggregate capital.

11 c. For purposes of this subsection:

12 (1) The term "equity interests" means limited partnership
13 interests and other equity interests in which liability is
14 limited to the amount of the investment, but does not mean
15 general partnership interests or other interests involving
16 general liability.

17 (2) The term "small business" means a corporation,
18 partnership, proprietorship, or other entity which meets
19 the appropriate United States small business administration
20 definition of small business and which is principally engaged
21 in the development or exploitation of inventions, technological
22 improvements, new processes, or other products not previously
23 generally available in this state, or other investments which
24 provide an economic benefit to the state.

25 ~~(3) For purposes of this subsection, the~~ The term "venture
26 capital fund" means a corporation, partnership, proprietorship,
27 or other entity whose principal business is or will be the
28 making of investments in, and the providing of significant
29 managerial assistance to, small businesses. ~~The term "small~~
30 ~~business"~~ means a corporation, partnership, proprietorship, or
31 other entity which meets the appropriate United States small
32 business administration definition of small business and which
33 is principally engaged in the development or exploitation of
34 inventions, technological improvements, new processes, or other
35 products not previously generally available in this state, or

1 ~~other investments which provide an economic benefit to the~~
2 ~~state. The term "equity interests" means limited partnership~~
3 ~~interests and other equity interests in which liability is~~
4 ~~limited to the amount of the investment, but does not mean~~
5 ~~general partnership interests or other interests involving~~
6 ~~general liability.~~

7 Sec. 136. Section 527.7, Code 2011, is amended to read as
8 follows:

9 **527.7 Records maintained.**

10 1. All transactions engaged in through a satellite terminal
11 shall be recorded in a form from which it will be possible
12 to produce a humanly readable record of any transaction, and
13 these recordings shall be retained by the utilizing financial
14 institutions for the periods required by law.

15 2. The machine receipt provided to a satellite account
16 transaction card user by a satellite terminal shall be
17 admissible as evidence in any legal action or proceeding and
18 shall constitute prima facie proof of the transaction evidence
19 by that receipt.

20 3. A financial institution shall provide each of its
21 satellite account holders with a periodic account statement
22 that shall contain a brief description of all satellite
23 terminal transactions sufficient to enable the account holder
24 to identify any transaction and to relate it to machine
25 receipts provided by satellite terminals.

26 4. When a periodic account statement includes both
27 satellite terminal transactions and other nonsatellite terminal
28 transactions, all satellite terminal transactions shall be
29 indicated as such, and shall be accompanied by the description
30 required by ~~this~~ subsection 3.

31 5. The administrator may provide by rule for the recording
32 and maintenance, by any financial institution utilizing a
33 satellite terminal, of amounts involved in a transaction
34 engaged in through the satellite terminal which are of a known
35 tax consequence to the customer initiating the transaction.

1 For the purpose of this ~~paragraph~~ subsection, "known tax
2 consequences" means and includes but shall not be limited to the
3 following:

4 ~~1.~~ a. An amount directly or indirectly received from a
5 customer and applied to a loan account of the customer which
6 represents interest paid by the customer to the financial
7 institution.

8 ~~2.~~ b. In any transaction where the total amount involved
9 is deducted from funds in a customer's account and is
10 simultaneously paid either directly or indirectly by the
11 financial institution to the account of a third party, any
12 portion of the transaction amount which represents a sales or
13 other tax imposed upon or included within the transaction and
14 collected by that third party from the customer, or any portion
15 of the transaction amount which represents interest paid to the
16 third party by the customer.

17 ~~3.~~ c. Any other transaction which the administrator
18 determines to have direct tax consequences to the customer.
19 The administrator also may provide for the periodic
20 distribution to customers of summaries of transactions having
21 known tax consequences.

22 Sec. 137. Section 527.9, subsection 2, Code 2011, is amended
23 to read as follows:

24 2. a. A person desiring to operate a central routing unit
25 shall submit to the administrator an application which shall
26 contain all of the following information:

27 ~~a.~~ (1) The name and business address of the owner of the
28 proposed unit.

29 ~~b.~~ (2) The name and business address of each data
30 processing center and other central routing unit with which
31 the proposed central routing unit will have direct electronic
32 communication.

33 ~~c.~~ (3) The location of the proposed central routing unit.

34 ~~d.~~ (4) A schedule of the charges which will be required to
35 be paid to that applicant by each financial institution which

1 utilizes the proposed central routing unit.

2 ~~The application shall be accompanied by all agreements~~
3 ~~between the proposed central routing unit and all data~~
4 ~~processing centers and other central routing units respecting~~
5 ~~the transmission of transaction data; and a copy of any~~
6 ~~agreement between the proposed central routing unit and~~
7 ~~any financial institution establishing a satellite terminal~~
8 ~~unless that agreement theretofore has been filed with the~~
9 ~~administrator pursuant to section 527.5.~~

10 e. (5) An agreement by the applicant that the proposed
11 central routing unit will be capable of accepting and routing,
12 and will be operated to accept and route, transmissions of data
13 originating at any satellite terminal located in this state,
14 except limited-function terminals, whether receiving from that
15 terminal or from a data processing center or other central
16 routing unit.

17 ~~f.~~ (6) A representation and undertaking that the proposed
18 central routing unit is directly connected to every data
19 processing center that is directly connected to a satellite
20 terminal located in this state, and that the proposed central
21 routing unit will provide for direct connection in the
22 future with any data processing center that becomes directly
23 connected to a satellite terminal located in this state. This
24 representation and undertaking is not required of a central
25 routing unit with respect to limited-function terminals.

26 b. The application shall be accompanied by all agreements
27 between the proposed central routing unit and all data
28 processing centers and other central routing units respecting
29 the transmission of transaction data; and a copy of any
30 agreement between the proposed central routing unit and
31 any financial institution establishing a satellite terminal
32 unless that agreement theretofore has been filed with the
33 administrator pursuant to section 527.5.

34 Sec. 138. Section 533.102, subsection 3, Code 2011, is
35 amended to read as follows:

1 3. a. "*Credit union*" means a cooperative, nonprofit
2 association, organized or incorporated in accordance with the
3 provisions of this chapter or under the laws of another state
4 or the Federal Credit Union Act, 12 U.S.C. § 1751 et seq.,
5 for the purposes of creating a source of credit at a fair and
6 reasonable rate of interest, of encouraging habits of thrift
7 among its members, and of providing an opportunity for its
8 members to use and control their own money on a democratic
9 basis in order to improve their economic and social condition.

10 b. A ~~credit union~~ "*credit union*" is also a supervised
11 financial organization as that term is defined and used in
12 chapter 537, the Iowa consumer credit code.

13 Sec. 139. Section 536A.10, Code 2011, is amended to read as
14 follows:

15 **536A.10 Issuance of license.**

16 1. If the superintendent shall find:

17 ~~1.~~ a. That the financial responsibility, experience,
18 character and general fitness of the applicant and of the
19 officers thereof are such as to command the confidence of the
20 community, and to warrant the belief that the business will be
21 operated honestly, fairly and efficiently within the purpose of
22 this chapter;

23 ~~2.~~ b. That a reasonable necessity exists for a new
24 industrial loan company in the community to be served;

25 ~~3.~~ c. That the applicant has available for the operation
26 of the business at the specified location paid-in capital and
27 surplus as required by section 536A.8; and

28 ~~4.~~ d. That the applicant is a corporation organized for
29 pecuniary profit under the laws of the state of Iowa.

30 2. The superintendent shall approve the application and
31 issue to the applicant a license to engage in the industrial
32 loan business in accordance with the provisions of this
33 chapter. The superintendent shall approve or deny an
34 application for a license within one hundred twenty days from
35 the date of the filing of such application.

1 Sec. 140. Section 542B.2, Code 2011, is amended to read as
2 follows:

3 **542B.2 Terms defined.**

4 As used in the chapter, unless the context otherwise
5 requires:

6 1. ~~The “board”~~ “Board” means the engineering and land
7 surveying examining board provided by this chapter.

8 2. “Design coordination” includes the review and
9 coordination of technical submissions prepared by others,
10 including as appropriate and without limitation, consulting
11 engineers, architects, landscape architects, land surveyors,
12 and other professionals working under the direction of the
13 engineer.

14 ~~2. The term “engineering documents” as used in this chapter~~
15 ~~includes all plans, specifications, drawings, and reports, if~~
16 ~~the preparation of such documents constitutes or requires the~~
17 ~~practice of engineering.~~

18 ~~3. The term “engineer intern” as used in this chapter~~
19 “Engineer intern” means a person who passes an examination in
20 the fundamental engineering subjects, but does not entitle the
21 person to claim to be a professional engineer.

22 4. “Engineering documents” includes all plans,
23 specifications, drawings, and reports, if the preparation
24 of such documents constitutes or requires the practice of
25 engineering.

26 5. “Engineering surveys” includes all survey activities
27 required to support the sound conception, planning, design,
28 construction, maintenance, and operation of engineered
29 projects, but excludes the surveying of real property for the
30 establishment of land boundaries, rights-of-way, easements, and
31 the dependent or independent surveys or resurveys of the public
32 land survey system.

33 ~~4. 6. The term “in responsible charge” as used in this~~
34 ~~chapter~~ “In responsible charge” means having direct control of
35 and personal supervision over any land surveying work or work

1 involving the practice of engineering. One or more persons,
2 jointly or severally, may be in responsible charge.

3 ~~5. a. The practice of "land surveying" includes providing~~
4 ~~professional services such as consultation, investigation,~~
5 ~~testimony, evaluation, planning, mapping, assembling, and~~
6 ~~interpreting reliable scientific measurements and information~~
7 ~~relative to the location of property lines or boundaries, and~~
8 ~~the utilization, development, and interpretation of these facts~~
9 ~~into an orderly survey, plat, or map. The practice of land~~
10 ~~surveying includes, but is not limited to, the following:~~

11 ~~(1) Locating, relocating, establishing, reestablishing,~~
12 ~~setting, or resetting of permanent monumentation for any~~
13 ~~property line or boundary of any tract or parcel of land.~~

14 ~~Setting permanent monuments constitutes an improvement to real~~
15 ~~property.~~

16 ~~(2) Making any survey for the division or subdivision of any~~
17 ~~tract or parcel of land.~~

18 ~~(3) Determination, by the use of the principles of land~~
19 ~~surveying, of the position for any permanent survey monument or~~
20 ~~reference point, or setting, resetting, or replacing any survey~~
21 ~~monument or reference point excluding the responsibility of~~
22 ~~engineers pursuant to section 314.8.~~

23 ~~(4) Creating and writing metes and bounds descriptions as~~
24 ~~defined in section 354.2.~~

25 ~~(5) Geodetic surveying for determination of the size and~~
26 ~~shape of the earth both horizontally and vertically for the~~
27 ~~precise positioning of permanent land survey monuments on~~
28 ~~the earth utilizing angular and linear measurements through~~
29 ~~spatially oriented spherical geometry.~~

30 ~~(6) Creation, preparation, or modification of electronic~~
31 ~~or computerized data, including land information systems and~~
32 ~~geographical information systems, relative to the performance~~
33 ~~of the activities identified in subparagraphs (1) through (5).~~

34 ~~b. This subsection does not prohibit a professional engineer~~
35 ~~from practicing any aspect of the practice of engineering. A~~

1 ~~land surveyor is not prohibited from performing engineering~~
2 ~~surveys as defined in the practice of engineering.~~

3 ~~c. A person is construed to be engaged in or offering to be~~
4 ~~engaged in the practice of land surveying if the person does~~
5 ~~any of the following:~~

6 ~~(1) Engages in land surveying.~~

7 ~~(2) Makes a representation by verbal claim, sign,~~
8 ~~advertisement, letterhead, card, or other manner that the~~
9 ~~person is a land surveyor.~~

10 ~~(3) Uses any title which implies that the person is a land~~
11 ~~surveyor or that the person is licensed under this chapter.~~

12 ~~(4) Holds the person's self out as able to perform, or who~~
13 ~~does perform, any service or work included in the practice of~~
14 ~~land surveying.~~

15 ~~6. 7. The term "land surveying documents" as used in this~~
16 ~~chapter "Land surveying documents" includes all plats, maps,~~
17 ~~surveys, and reports, if the preparation thereof constitutes or~~
18 ~~requires the practice of land surveying.~~

19 ~~7. 8. The term "land surveyor" as used in this chapter~~
20 ~~shall mean "Land surveyor" means a person who engages in the~~
21 ~~practice of land surveying as defined in this section.~~

22 ~~8. 9. a. "Practice of engineering" as used in this~~
23 ~~chapter means any service or creative work, the adequate~~
24 ~~performance of which requires engineering education, training,~~
25 ~~and experience in the application of special knowledge of the~~
26 ~~mathematical, physical, and engineering sciences, such as~~
27 ~~consultation, investigation, evaluation, planning, design and~~
28 ~~design coordination of engineering works and systems, planning~~
29 ~~the use of land and water, performing engineering surveys and~~
30 ~~studies, and the review of construction for the purpose of~~
31 ~~monitoring compliance with drawings and specifications, any of~~
32 ~~which embraces such services or creative work, either public~~
33 ~~or private, in connection with any utilities, structures,~~
34 ~~buildings, machines, equipment, processes, work systems,~~
35 ~~projects, and industrial or consumer products or equipment of~~

1 a mechanical, electrical, hydraulic, pneumatic, or thermal
2 nature, insofar as they involve safeguarding life, health, or
3 property, and including such other professional services as
4 may be necessary to the planning, progress, and completion of
5 the services identified in this paragraph subsection. *“Design*
6 *coordination”* ~~includes the review and coordination of technical~~
7 ~~submissions prepared by others, including as appropriate and~~
8 ~~without limitation, consulting engineers, architects, landscape~~
9 ~~architects, land surveyors, and other professionals working~~
10 ~~under the direction of the engineer. “Engineering surveys”~~
11 ~~includes all survey activities required to support the sound~~
12 ~~conception, planning, design, construction, maintenance, and~~
13 ~~operation of engineered projects, but excludes the surveying~~
14 ~~of real property for the establishment of land boundaries,~~
15 ~~rights-of-way, easements, and the dependent or independent~~
16 ~~surveys or resurveys of the public land survey system.~~

17 b. A person is construed to be engaged in the practice of
18 engineering if the person does any of the following:

19 a. (1) Practices any branch of the profession of
20 engineering.

21 b. (2) Makes a representation by verbal claim, sign,
22 advertisement, letterhead, card, or other manner that the
23 person is a professional engineer.

24 c. (3) Uses any title which implies that the person is a
25 professional engineer or that the person is certified under
26 this chapter.

27 d. (4) The person holds the person’s self out as able to
28 perform, or who does perform, any service or work included in
29 the practice of engineering.

30 10. a. “Practice of land surveying” includes providing
31 professional services such as consultation, investigation,
32 testimony, evaluation, planning, mapping, assembling, and
33 interpreting reliable scientific measurements and information
34 relative to the location of property lines or boundaries, and
35 the utilization, development, and interpretation of these facts

1 into an orderly survey, plat, or map. The practice of land
2 surveying includes but is not limited to the following:

3 (1) Locating, relocating, establishing, reestablishing,
4 setting, or resetting of permanent monumentation for any
5 property line or boundary of any tract or parcel of land.

6 Setting permanent monuments constitutes an improvement to real
7 property.

8 (2) Making any survey for the division or subdivision of any
9 tract or parcel of land.

10 (3) Determination, by the use of the principles of land
11 surveying, of the position for any permanent survey monument or
12 reference point, or setting, resetting, or replacing any survey
13 monument or reference point excluding the responsibility of
14 engineers pursuant to section 314.8.

15 (4) Creating and writing metes and bounds descriptions as
16 defined in section 354.2.

17 (5) Geodetic surveying for determination of the size and
18 shape of the earth both horizontally and vertically for the
19 precise positioning of permanent land survey monuments on
20 the earth utilizing angular and linear measurements through
21 spatially oriented spherical geometry.

22 (6) Creation, preparation, or modification of electronic
23 or computerized data, including land information systems and
24 geographical information systems, relative to the performance
25 of the activities identified in subparagraphs (1) through (5).

26 b. This subsection does not prohibit a professional engineer
27 from practicing any aspect of the practice of engineering. A
28 land surveyor is not prohibited from performing engineering
29 surveys as defined in the practice of engineering.

30 c. A person is construed to be engaged in or offering to be
31 engaged in the practice of land surveying if the person does
32 any of the following:

33 (1) Engages in land surveying.

34 (2) Makes a representation by verbal claim, sign,
35 advertisement, letterhead, card, or other manner that the

1 person is a land surveyor.

2 (3) Uses any title which implies that the person is a land
3 surveyor or that the person is licensed under this chapter.

4 (4) Holds the person's self out as able to perform, or who
5 does perform, any service or work included in the practice of
6 land surveying.

7 ~~9. 11. The term "professional engineer" as used in this~~
8 ~~chapter "Professional engineer" means a person, who, by~~
9 ~~reason of the person's knowledge of mathematics, the physical~~
10 ~~sciences, and the principles of engineering, acquired by~~
11 ~~professional education or practical experience, is qualified to~~
12 ~~engage in the practice of engineering.~~

13 Sec. 141. Section 542B.14, Code 2011, is amended to read as
14 follows:

15 **542B.14 General requirements for licensure — temporary**
16 **permit to practice engineering.**

17 1. Each applicant for licensure as a professional engineer
18 or land surveyor shall have all of the following requirements,
19 respectively, to wit:

20 ~~1.~~ a. As a professional engineer:

21 ~~a.~~ (1) (a) Graduation from a course in engineering of
22 four years or more in a school or college which, in the opinion
23 of the board, will properly prepare the applicant for the
24 examination in fundamental engineering subjects.

25 ~~(2)~~ (b) However, prior to July 1, 1988, in lieu of
26 compliance with subparagraph ~~(1)~~ division (a), the board may
27 accept eight years' practical experience which, in the opinion
28 of the board, is of satisfactory character to properly prepare
29 the applicant for the examination in fundamental engineering
30 subjects.

31 ~~(3)~~ (c) Between July 1, 1988, and June 30, 1991, in
32 lieu of compliance with subparagraph ~~(1)~~ division (a), the
33 board shall require satisfactory completion of a minimum of
34 two years of postsecondary study in mathematics, physical
35 sciences, engineering technology, or engineering at an

1 institution approved by the board, and may accept six years'
2 practical experience which, in the opinion of the board, is of
3 satisfactory character to properly prepare the applicant for
4 the examination in fundamental engineering subjects.

5 ~~(4)~~ (d) For applicants who obtained an associate of science
6 degree or a more advanced degree between July 1, 1983, and
7 June 30, 1988, in lieu of compliance with subparagraph ~~(1)~~
8 division (a), the board shall only require compliance with the
9 provisions of subparagraph ~~(3)~~ division (c) with regard to
10 areas of study and practical experience. Applicants qualifying
11 under this subparagraph division must meet the requirements of
12 ~~paragraph "b"~~ subparagraph (2), by June 30, 2001.

13 ~~b.~~ (2) Successfully passing a written, oral, or written
14 and oral examination in fundamental engineering subjects which
15 is designed to show the knowledge of general engineering
16 principles. A person passing the examination in fundamental
17 engineering subjects is entitled to a certificate as an
18 engineer intern.

19 ~~e.~~ (3) In addition to any other requirement, a specific
20 record of four years or more of practical experience in
21 engineering work which is of a character satisfactory to the
22 board.

23 ~~d.~~ (4) Successfully passing a written, oral, or written
24 and oral examination designed to determine the proficiency and
25 qualifications to engage in the practice of engineering. No
26 applicant shall be entitled to take this examination until
27 the applicant shows the necessary practical experience in
28 engineering work.

29 ~~2.~~ b. As a land surveyor:

30 ~~a.~~ (1) (a) Graduation from a course of two years or more
31 in mathematics, physical sciences, mapping and surveying, or
32 engineering in a school or college and six years of practical
33 experience, all of which, in the opinion of the board,
34 will properly prepare the applicant for the examination in
35 fundamental land surveying subjects.

1 ~~(2)~~ (b) However, prior to July 1, 1988, in lieu of
2 compliance with subparagraph ~~(1)~~ division (a), the board may
3 accept eight years' practical experience which, in the opinion
4 of the board, is of satisfactory character to properly prepare
5 the applicant for the examination in fundamental land surveying
6 subjects.

7 ~~b.~~ (2) Successfully passing a written, oral, or written and
8 oral examination in fundamental land surveying subjects which
9 is designed to show the knowledge of general land surveying
10 principles.

11 ~~c.~~ (3) In addition to any other requirement, a specific
12 record of four years or more of practical experience in land
13 surveying work which is of a character satisfactory to the
14 board.

15 ~~d.~~ (4) Successfully passing a written, oral, or written
16 and oral examination designed to determine the proficiency and
17 qualifications to engage in the practice of land surveying.
18 No applicant shall be entitled to take this examination until
19 the applicant shows the necessary practical experience in land
20 surveying work.

21 2. The board may establish by rule a temporary permit and
22 a fee to permit an engineer to practice for a period of time
23 without applying for licensure.

24 Sec. 142. Section 548.112, Code 2011, is amended to read as
25 follows:

26 **548.112 Infringement.**

27 1. Subject to section 548.116, a person shall not do any of
28 the following:

29 ~~1.~~ a. Use, without the consent of the registrant, any
30 reproduction, counterfeit, copy, or colorable imitation of a
31 mark registered under this chapter in connection with the sale,
32 distribution, offering for sale, or advertising of any goods or
33 services on or in connection with which such use is likely to
34 cause confusion or mistake, or to deceive as to the source of
35 origin of such goods or services.

1 ~~2.~~ b. Reproduce, counterfeit, copy, or colorably imitate
2 any such mark and apply such reproduction, counterfeit, copy,
3 or colorable imitation to labels, signs, prints, packages,
4 wrappers, receptacles, or advertisements intended to be used
5 upon or in connection with the sale or other distribution in
6 this state of such goods or services.

7 2. The person shall be liable in a civil action by the
8 registrant for any or all of the remedies provided in section
9 548.114, except that under subsection ~~2~~ 1, paragraph "b", the
10 registrant shall not be entitled to recover profits or damages
11 unless the acts have been committed with the intent to cause
12 confusion or mistake or to deceive.

13 Sec. 143. Section 551A.1, subsection 4, Code 2011, is
14 amended to read as follows:

15 4. a. "Franchise" means a contract between a seller and a
16 purchaser where the parties agree to all of the following:

17 ~~a.~~ (1) A franchisee is granted the right to engage in
18 the business of offering, selling, or distributing goods or
19 services under a marketing plan prescribed in substantial part
20 by a franchisor.

21 ~~b.~~ (2) The operation of the franchisee's business
22 pursuant to such a plan is substantially associated with the
23 franchisor's business and trademark, service mark, trade name,
24 logotype, advertising, or other commercial symbol designating
25 the franchisor or its affiliate.

26 b. For the purposes of this subsection, "~~franchisee~~":

27 (1) "Franchisee" means a person to whom a franchise is
28 granted and "~~franchisor~~".

29 (2) "Franchisor" means a person who grants a franchise.

30 Sec. 144. Section 554.2103, subsection 3, Code 2011, is
31 amended to read as follows:

32 3. "~~Control~~" as provided in section ~~554.7106~~ and the The
33 following definitions in other Articles apply to this Article:

34 a. "Check"..... Section 554.3104

35 b. "Consignee"..... Section 554.7102

- 1 c. "Consignor" Section 554.7102
- 2 d. "Consumer goods" Section 554.9102
- 3 e. "Control" Section 554.7106
- 4 f. "Dishonor" Section 554.3502
- 5 g. "Draft" Section 554.3104

6 Sec. 145. Section 554.4104, subsection 3, Code 2011, is
7 amended to read as follows:

8 3. ~~"Control" as provided in section 554.7106 and the~~ The
9 following definitions in other Articles apply to this Article:

- 10 a. "Acceptance" Section 554.3409
- 11 b. "Alteration" Section 554.3407
- 12 c. "Cashier's check" Section 554.3104
- 13 d. "Certificate of deposit" Section 554.3104
- 14 e. "Certified check" Section 554.3409
- 15 f. "Check" Section 554.3104
- 16 g. "Control" Section 554.7106
- 17 h. "Holder in due course" Section 554.3302
- 18 i. "Instrument" Section 554.3104
- 19 j. "Notice of dishonor" Section 554.3503
- 20 k. "Order" Section 554.3103
- 21 l. "Ordinary care" Section 554.3103
- 22 m. "Person entitled to enforce" .. Section 554.3301
- 23 n. "Presentment" Section 554.3501
- 24 o. "Promise" Section 554.3103
- 25 p. "Prove" Section 554.3103
- 26 q. "Teller's check" Section 554.3104
- 27 r. "Unauthorized signature" Section 554.3403

28 Sec. 146. Section 554.5104, Code 2011, is amended to read
29 as follows:

30 **554.5104 Formal requirements.**

31 A letter of credit, confirmation, advice, transfer,
32 amendment, or cancellation may be issued in any form that is
33 a record and is authenticated (i) by a signature or (ii) in
34 accordance with the agreement of the parties or the standard
35 practice referred to in section 554.5108, subsection 5.

1 Sec. 147. Section 554.9102, subsection 2, Code 2011, is
2 amended to read as follows:

3 2. *Definitions in other Articles.* ~~“Control” as provided in~~
4 ~~section 554.7106 and the~~ The following definitions in other
5 Articles apply to this Article:

- 6 a. “Applicant” Section 554.5102
- 7 b. “Beneficiary” Section 554.5102
- 8 c. “Broker” Section 554.8102
- 9 d. “Certificated security” Section 554.8102
- 10 e. “Check” Section 554.3104
- 11 f. “Clearing corporation” Section 554.8102
- 12 g. “Contract for sale” Section 554.2106
- 13 h. “Control” Section 554.7106
- 14 i. “Customer” Section 554.4104
- 15 j. “Entitlement holder” Section 554.8102
- 16 k. “Financial asset” Section 554.8102
- 17 l. “Holder in due course” Section 554.3302
- 18 m. “Issuer” (with respect to a letter
19 of credit or letter-of-credit right).. Section 554.5102
- 20 n. “Issuer” (with respect
21 to a security)..... Section 554.8201
- 22 o. “Issuer” (with respect
23 to documents of title)..... Section 554.7102
- 24 p. “Lease” Section 554.13103
- 25 q. “Lease agreement” Section 554.13103
- 26 r. “Lease contract” Section 554.13103
- 27 s. “Leasehold interest” Section 554.13103
- 28 t. “Lessee” Section 554.13103
- 29 u. “Lessee in ordinary
30 course of business” Section 554.13103
- 31 v. “Lessor” Section 554.13103
- 32 w. “Lessor’s residual interest” ... Section 554.13103
- 33 x. “Letter of credit” Section 554.5102
- 34 y. “Merchant” Section 554.2104
- 35 z. “Negotiable instrument” Section 554.3104

1 or liberty right or interest, or private cause of action for
2 damages against the state or a political subdivision of the
3 state or for which the state or a political subdivision of the
4 state would be responsible. Any violation of section 225C.28B,
5 subsection 2, shall solely be subject to the enforcement by the
6 commissioner of insurance and penalties granted by chapter 507B
7 for a violation of section 507B.4, subsection ~~7~~ 3, paragraph
8 "g".

9 Sec. 150. Section 455B.473, subsection 4, Code Supplement
10 2011, is amended to read as follows:

11 4. An owner or operator of a storage tank described in
12 section 455B.471, subsection 11, paragraph ~~"a"~~ "b", subparagraph
13 (1), subparagraph division (a), which brings the tank into
14 use after July 1, 1987, shall notify the department of the
15 existence of the tank within thirty days. The registration
16 of the tank shall be accompanied by a fee of ten dollars to
17 be deposited in the storage tank management account. A tank
18 which is existing before July 1, 1987, shall be reported to the
19 department by July 1, 1989. Tanks under this section installed
20 on or following July 1, 1987, shall comply with underground
21 storage tank regulations adopted by rule by the department.

22 Sec. 151. Section 491.5, subsection 8, Code 2011, is amended
23 to read as follows:

24 8. Any provision eliminating or limiting the personal
25 liability of a director to the corporation or its shareholders
26 or members for money damages as provided in section 490.202,
27 subsection 2, paragraph "d", except that section 490.202,
28 subsection 2, paragraph "d", subparagraph (1), subparagraph (3)
29 division (c), shall have no application.

30 Sec. 152. Section 507B.7, subsection 1, paragraph c, Code
31 Supplement 2011, is amended to read as follows:

32 c. Payment of interest at the rate of ten percent per
33 annum if the commissioner finds that the insurer failed to pay
34 interest as required under section 507B.4, subsection ~~16~~ 3,
35 paragraph "p".

1 Sec. 153. Section 512B.13, Code 2011, is amended to read as
2 follows:

3 **512B.13 Institutions.**

4 A society may create, maintain, and operate, or may
5 establish organizations to operate, not-for-profit institutions
6 to further the purposes permitted by section 512B.6, subsection
7 1, paragraph ~~"b"~~ "a", subparagraph (2). The institutions may
8 furnish services free or at a reasonable charge. Any real or
9 personal property owned, held, or leased by the society for
10 this purpose shall be reported in every annual statement. A
11 not-for-profit institution so established is a charitable
12 institution with all the rights, benefits, and privileges given
13 to charitable institutions under the Constitution and laws of
14 the State of Iowa. The commissioner may adopt appropriate
15 rules and reporting requirements.

16 Sec. 154. Section 515E.4, subsection 4, Code Supplement
17 2011, is amended to read as follows:

18 4. *Compliance with unfair claim settlement practices law.* A
19 risk retention group, its agents, and representatives, shall
20 comply with the unfair claim settlement practices law in
21 section 507B.4, subsection ~~10~~ 3, paragraph "j".

22 Sec. 155. Section 524.302, subsection 2, paragraph c, Code
23 2011, is amended to read as follows:

24 c. A provision eliminating or limiting the personal
25 liability of a director to the corporation or its shareholders
26 for monetary damages for breach of fiduciary duty as a
27 director, provided that the provision does not eliminate
28 or limit the liability of a director for any breach of
29 the director's duty of loyalty to the corporation or its
30 shareholders, for acts or omissions not in good faith or which
31 involve intentional misconduct or a knowing violation of law,
32 for any transaction from which the director derives an improper
33 personal benefit, or under section 524.605, subsection 1,
34 paragraph "a" or 2 "b". A provision shall not eliminate or
35 limit the liability of a director for any act or omission

1 occurring prior to the date when the provision in the articles
2 of incorporation becomes effective.

3 Sec. 156. Section 536A.30, subsection 2, Code 2011, is
4 amended to read as follows:

5 2. Section 536A.10, ~~subsections 2, 3, and 4~~ subsection 1,
6 paragraphs "b", "c", and "d".

7 DIVISION IV

8 DIRECTIVES

9 Sec. 157. CODE EDITOR DIRECTIVES.

10 1. Sections 175.6, subsection 12; and 331.652, subsection
11 4, Code 2011, are amended by striking the word "co-operation"
12 and inserting in lieu thereof the word "cooperation".

13 2. Sections 28D.1, 321.6, and 341A.17, Code 2011, are
14 amended by striking the word "co-operation" and inserting in
15 lieu thereof the word "cooperation".

16 3. Sections 13A.9, subsection 2; 29C.1, subsection 3;
17 169.19, subsection 5; 175.6, subsection 5; 273.9, subsection 2;
18 and 403.12, subsection 1, Code 2011, are amended by striking
19 the word "co-operate" and inserting in lieu thereof the word
20 "cooperate".

21 4. Sections 177A.4, 199.14, 249.12, and 321.6, Code 2011,
22 are amended by striking the word "co-operate" and inserting in
23 lieu thereof the word "cooperate".

24 5. Section 179.1, subsection 5, Code 2011, is amended by
25 striking the word "co-operatives" and inserting in lieu thereof
26 the word "cooperatives".

27 6. Sections 185.1, subsection 5; 185C.1, subsection 7;
28 215A.1, subsection 4; and 419.1, subsection 4, Code 2011, are
29 amended by striking the word "co-operative" and inserting in
30 lieu thereof the word "cooperative".

31 7. Sections 263B.3, 456A.29, and 456B.10, Code 2011, are
32 amended by striking the word "co-operative" and inserting in
33 lieu thereof the word "cooperative".

34 8. Section 275.56, Code 2011, is amended by striking the
35 word "re-employing" and inserting in lieu thereof the word

1 "reemploying".

2 9. Section 275.56, Code 2011, is amended by striking the
3 word "re-employed" and inserting in lieu thereof the word
4 "reemployed".

5 10. Sections 341A.6, subsection 6; and 411.21, subsection
6 3, Code 2011, are amended by striking the word "re-employed"
7 and inserting in lieu thereof the word "reemployed".

8 11. The Code editor is directed to number, renumber,
9 designate, or redesignate to eliminate unnumbered paragraphs
10 within sections 491.5, 491.111, 496C.21, 499.47C, 499.67,
11 499A.2A, 501.617, 507A.3, 507C.12, 510.2, 511.10, 514B.4,
12 514B.14, 514B.20, 515.70, 515F.3, 515G.3, 518.11, 524.224,
13 524.604, 524.801, 524.825, 524.1102, 524.1508, 538.5, 544A.11,
14 544A.21, 544A.25, 544B.9, 544B.14, 544C.3, 548.103, 548.113,
15 552.5, and 552.12, Code 2011, in accordance with established
16 Code section hierarchy and correct internal references in the
17 Code and in any enacted Iowa Acts, as necessary.

18 12. The Code editor is directed to number, renumber,
19 designate, or redesignate to eliminate unnumbered paragraphs
20 within section subunits in sections 490.120, subsection
21 7; 490.121, subsection 1; 490.744, subsection 4; 490.824,
22 subsection 4; 490.1301, subsection 4; 490.1701, subsection 2;
23 490.1701, subsection 3, paragraph "b"; 496B.9, subsection 3,
24 paragraph "b"; 499.30, subsection 2, paragraph "a"; 499.66,
25 subsection 2; 500.3, subsection 2; 501A.206, subsection 1;
26 501A.502, subsection 3; 501A.715, subsection 3; 501A.904,
27 subsection 7; 501A.906, subsection 2; 501A.1003, subsection
28 4, paragraph "b"; 502.321B, subsection 5; 502.509, subsection
29 13B; 502A.1, subsection 4; 504.202, subsection 2, paragraph
30 "d"; 504.503, subsection 1; 504.635, subsection 4; 504.1509,
31 subsection 1; 507.10, subsection 4, paragraph "b", subparagraph
32 (1); 508.36, subsection 2, paragraph "d"; 508.36, subsection
33 5, paragraph "c", subparagraph (1), subparagraph division (c),
34 subparagraph subdivision (v); 508.36, subsections 7 and 9;
35 508.37, subsection 6, paragraph "a"; 508.38, subsection 2;

1 509B.3, subsection 4; 513B.4, subsection 2; 513C.3, subsection
 2 15; 513C.7, subsection 1; 513C.10, subsection 2; 514C.4,
 3 subsection 1; 514D.5, subsection 2; 515.12, subsection 5;
 4 515.48, subsections 1 and 8; 515.109, subsection 2; 515A.18,
 5 subsection 3; 515B.5, subsection 1, paragraph "c"; 515B.6,
 6 subsection 1; 515D.2, subsection 2; 515F.5, subsection 1;
 7 515F.13, subsection 2, paragraph "d"; 516A.2, subsection 1;
 8 516E.3, subsection 1, paragraph "c"; 516E.3, subsection 2,
 9 paragraph "b"; 518C.6, subsection 1, paragraph "c"; 518C.7,
 10 subsection 1; 519A.3, subsection 3; 519A.4, subsection 1;
 11 519A.9, subsection 2; 521A.5, subsection 3, paragraphs "a" and
 12 "b"; 521A.14, subsection 7; 521B.3, subsection 3; 521C.11,
 13 subsection 1; 521D.2, subsection 3; 521E.10, subsection
 14 1; 522B.14, subsections 6, 7, and 8; 523C.5, subsection 1;
 15 523D.3, subsection 1, paragraph "n"; 523D.5, subsection 3;
 16 523G.6, subsection 3; 523I.316, subsection 3, paragraph "d";
 17 523I.508, subsections 2 and 3; 523I.812, subsection 2; 524.103,
 18 subsection 17; 524.606, subsection 2; 524.1403, subsection
 19 2; 527.5, subsection 3; 536A.20, subsection 3; 536A.25,
 20 subsection 2; 537.1301, subsection 45; 537.2501, subsection 1,
 21 paragraph "f"; 537.2510, subsection 2, paragraph "a"; 537.3612,
 22 subsection 4; 537.5110, subsection 2; 537.5201, subsection 1;
 23 537A.10, subsections 9 and 11; 537B.3, subsection 2; 543C.4,
 24 subsection 5; 546.10, subsection 3; 548.102, subsection 5;
 25 551A.3, subsection 2; 551A.4, subsection 1, paragraph "b";
 26 552A.2, subsection 6; 554.2103, subsection 2; 554.4104,
 27 subsection 2; 554.5102, subsection 2; 554.8102, subsection 1,
 28 paragraph "i"; 554.8102, subsection 2; 554.8503, subsection
 29 4; 554.12105, subsections 2 and 3; and 554.13103, subsections
 30 2 and 3, Code and Code Supplement 2011, in accordance with
 31 established Code section hierarchy and correct internal
 32 references in the Code and in any enacted Iowa Acts, as
 33 necessary.

34
35

DIVISION V
EFFECTIVE DATE PROVISIONS

1 the missing word "of" in this provision relating to the
2 annual review of economic development programs by the economic
3 development authority.

4 Code section 15.247: Redesignates paragraphs to set apart
5 provisions relating to term limits for members of the targeted
6 small business financial assistance board from those relating
7 to conflicts of interest.

8 Code section 15A.9: Numbers unnumbered paragraphs within
9 this provision relating to designation of sites as quality jobs
10 enterprise zones.

11 Code sections 34A.15 and 80B.11C: Updates references by
12 name to the organizations now called the Iowa professional
13 fire fighters, the Iowa peace officers association,
14 and the association of public-safety communications
15 officials-international, inc., in provisions relating to the
16 E911 communications council and telecommunicator training
17 standards.

18 Code sections 80B.11A, 80E.2, 356.36, and 356.37: Updates
19 references by name to the organization now called the Iowa
20 peace officers association in provisions relating to the
21 membership of the drug policy advisory council, jail and jailer
22 training standards, and a report on confinement and detention
23 needs of jails and municipal holding facilities.

24 Code section 96.27: Strikes an incorrect self-reference
25 in a reference to Code section 96.25 in language relating
26 to approval of purchases of premises with funds granted
27 or credited under the federal Social Security Act or the
28 Wagner-Peyser Act.

29 Code section 99D.11: Corrects references to the method of
30 wagering known as "advance deposit" wagering in the provision
31 governing licensees of horse or dog racetracks and authorizing
32 the acceptance of advance deposit wagers.

33 Code sections 100B.1 and 411.36: Updates references by
34 name to the organization now called the Iowa professional fire
35 fighters in provisions regarding the state fire service and

1 emergency response council and the board of trustees for the
2 statewide fire and police retirement system.

3 Code section 105.2: Changes "refrigerated equipment" to
4 "refrigeration equipment" within the definition of "hydraulic"
5 in the Code chapter on the licensing of plumbers, mechanical
6 professionals, and contractors.

7 Code sections 124.401, 161G.3, and 456A.33B: Corrects
8 the spelling of the chemical name "phosphorus" in provisions
9 relating to controlled substances, the Mississippi river basin
10 health watersheds initiative, and lake restoration.

11 Code section 135.105: Corrects the spelling of the word
12 "specialty" within language describing the duty of the
13 department of public health to coordinate childhood lead
14 poisoning prevention programs with other entities and programs.

15 Code sections 135.159, 225B.3, 225C.6, 231E.4, 249A.4B,
16 and 256.35A: Updates references by name to the organization
17 now called the Iowa developmental disabilities council in
18 provisions regarding the membership of the medical home
19 system advisory council, the prevention of disabilities
20 policy council, the medical assistance advisory council, and
21 the Iowa autism council, and the duties of the mental health
22 and disability services commission and the state office of
23 substitute decision maker.

24 Code sections 162.20 and 455B.171: Completes Code of
25 Federal Regulations references in provisions regarding the
26 sterilization of dogs and cats and sewage sludge.

27 Code section 241.3: Corrects a reference to the office
28 on the status of women of the department of human rights in
29 a provision regarding the provision of services to displaced
30 homemakers by the department of human services.

31 Code section 256.32: Corrects a reference by name to the
32 postsecondary agriculture student organization of Iowa in a
33 provision establishing the advisory council for agricultural
34 education.

35 Code section 256C.5: Adds the words "Code 2011" after a

1 reference to 256C.6, which was repealed in 2011, in language
2 relating to funding for the preschool foundation aid program.

3 Code sections 260H.2 and 260H.8: Corrects two references by
4 name to the department of workforce development in the pathways
5 for academic career and employment Act chapter.

6 Code sections 273.2 and 273.3: Rewrites two citation series
7 to eliminate internal self-references in provisions relating
8 to the powers and duties of area education agencies and area
9 education agency boards.

10 Code section 280.13C: Renumbers, reorganizes, and places
11 definitions in alphabetical order in language relating to
12 school policies on brain injury and student participation in
13 extracurricular interscholastic activities.

14 Code sections 313.3, 410.1, and 451.1: Updates state and
15 federal Acts citations to the current Code style and format in
16 provisions relating to federal highway fund revenue, police and
17 fire fighter pension funds, and state estate taxes.

18 Code sections 331.512 and 331.559: Corrects the name
19 of the brucellosis and tuberculosis eradication fund in
20 provisions relating to levy of taxes for the fund. The fund
21 was renamed and placed under the jurisdiction of the department
22 of agriculture and land stewardship in 1983 Iowa Acts, chapter
23 123.

24 Code section 403.21: Strikes an extraneous "and" in a
25 series in language relating to communications between community
26 colleges and the economic development authority regarding new
27 jobs training agreements.

28 Code section 437A.3: Renumbers to eliminate unnumbered
29 paragraphs within the definitions of "local amount" and "major
30 addition" in the definitions section for the chapter on taxes
31 on electricity and natural gas providers.

32 Code sections 452A.5 and 452A.8: Renumbers to eliminate
33 unnumbered paragraphs within these provisions relating to motor
34 fuel and special fuel taxes.

35 Code section 453A.13: Eliminates redundant language and

1 adds punctuation to a series in language relating to fees for
2 cigarette distributor, wholesaler, and retailer permits.

3 Code section 455B.261: Splits a paragraph and renumbers
4 within a definition of the term "established average minimum
5 flow" in the definitions section that relates to water
6 allocation and use to distinguish the separate definition of
7 "average minimum flow".

8 Code section 455B.423: Adds the word "to" to conform the
9 grammar of the subparagraph regarding hazardous waste disposal
10 agreements to the grammar of the rest of the paragraph.

11 Code section 455B.471: Renumbers within a definition of
12 "underground storage tank" to group together the provisions
13 that describe the tanks and other holding devices that do not
14 fall within the definition.

15 Code section 455B.474: Corrects internal references within
16 provisions regarding corrective actions by owners of property
17 on which there has been a release of a regulated substance from
18 an underground storage tank and establishment of financial
19 responsibility by tank owners.

20 Code section 462A.52: Corrects a citation to an Iowa Act by
21 adding the word "Iowa" in this provision relating to a report
22 by the department of natural resources on programs to control
23 aquatic invasive species and for the enforcement of navigation
24 and water safety laws.

25 Code section 466B.3: Completes a reference to the official
26 title of the secretary of agriculture in language describing
27 the membership of the water resources coordinating council.

28 Code section 468.174: Numbers and letters paragraphs to
29 provide hierarchical Code structure to language relating
30 to drainage district membership fees and annual dues for
31 membership in the national drainage association.

32 Section 476.1: Redesignates unnumbered paragraphs and
33 subsections to conform this provision relating to the
34 regulatory authority of the utilities board to current Code
35 hierarchy and format.

1 Code section 476.1D: Corrects an internal reference by
2 changing the word "paragraph" to "subparagraph" within a
3 provision relating to extensions of utility board retail
4 rate jurisdiction over increases in residential and business
5 telephone rates.

6 Code sections 499.47B, 499.64, 501.203, 501.204, 501.601,
7 and 501.603: Adds the word "vote" after the word "which" in
8 nearly identical language in each of these Code provisions
9 which describe the majority requirements that must be met
10 in order for cooperatives to engage in various types of
11 activities.

12 Code section 501.614: Rewrites by replacing the words "in
13 which" with "and" and adding "in the voting" at the end of
14 language relating to the majority requirements that must be
15 met in order for a cooperative to approve a plan of merger or
16 consolidation.

17 Code section 524.221: Corrects a typographical error in a
18 language relating to records of federally chartered savings and
19 loan associations.

20 Code section 558.66: Adds the missing word "in" to correct
21 a clerical error in language relating to instruments used to
22 update the county transfer books and index.

23 2011 Iowa Acts, chapter 121, section 60: Corrects a singular
24 article and plural noun disagreement within a future amendment
25 to Code section 602.4201, effective July 1, 2012, to language
26 regarding involuntary commitment proceedings for persons with
27 alcohol or chemical dependency disorders.

28 Code section 717.5: Adds the missing word "of" to correct
29 a clerical error in language relating to the maintaining and
30 disposal of neglected livestock that has been rescued by local
31 authorities.

32 DIVISION II. The Code sections in this division are amended
33 by numbering, renumbering, designating, or redesignating
34 provisions within volume V of the Code, and by changing
35 textual references as necessary. The purposes of the Code

1 changes are to conform the Code provisions to existing Code
2 section hierarchy, to eliminate "unanchored" unnumbered
3 paragraphs within the Code sections, to facilitate Code section
4 readability, and to facilitate citation to those Code sections.

5 DIVISION III. This division contains corrections to
6 internal references to Code sections that are numbered,
7 renumbered, designated, or redesignated in division II of this
8 bill.

9 DIVISION IV. This division contains Code editor directives
10 to correct hyphenation in the words "cooperation", "cooperate",
11 "cooperative", "reemploying", and "reemployed" and to number,
12 renumber, designate, or redesignate Code provisions to
13 eliminate "unanchored" unnumbered paragraphs in Code provisions
14 in volume V of the Code that do not require any additional
15 textual reference corrections.

16 DIVISION V. This division contains an effective date
17 provision relating to a corrective change to 2011 Iowa Acts,
18 chapter 121, section 60, that is contained in division I of the
19 bill.