

Senate File 274 - Introduced

SENATE FILE 274

BY RIELLY and BEALL

A BILL FOR

1 An Act providing that a rural water district may declare
2 bankruptcy, and including effective date provisions.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 76.16B Debtor status permitted —
2 temporary circumstances allowed for rural water districts.

3 1. A rural water district organized or incorporated
4 pursuant to chapter 357A may be a debtor under chapter nine
5 of the federal bankruptcy code, 11 U.S.C. § 901 et seq., if
6 authorized by its board of directors pursuant to section
7 357A.11.

8 2. Subsection 1 is no longer effective two years after the
9 effective date of this Act. However, this subsection does not
10 affect any bankruptcy proceeding pending on that date.

11 3. This section is repealed seven years after the effective
12 date of this Act.

13 Sec. 2. Section 357A.11, Code 2011, is amended by adding the
14 following new subsection:

15 NEW SUBSECTION. 14. a. Have authority to make the district
16 a debtor and proceed under the relevant sections of the federal
17 bankruptcy code, including 11 U.S.C., ch. 9, if the board
18 determines that the district is insolvent as defined in the
19 federal bankruptcy code, including 11 U.S.C. § 101. This
20 paragraph applies notwithstanding any provision in this Code to
21 the contrary, unless expressly provided otherwise by another
22 statute referring to this chapter or section.

23 b. Paragraph "a" is no longer effective two years after the
24 effective date of this Act. However, this paragraph does not
25 affect any bankruptcy proceeding pending on that date.

26 c. This subsection is repealed seven years after the
27 effective date of this Act.

28 Sec. 3. EFFECTIVE DATE. This Act, being deemed of immediate
29 importance, takes effect upon enactment.

30 EXPLANATION

31 This bill authorizes a rural water district to become a
32 debtor and proceed under the relevant sections of the federal
33 bankruptcy code if the board determines that the district is
34 insolvent as defined in the federal bankruptcy code. The
35 board's authority expires two years after the bill's effective

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1 date and the bill's provisions are repealed five years later.

2 The bill takes effect upon enactment.