# House File 580 - Introduced

HOUSE FILE 580
BY COMMITTEE ON ECONOMIC
GROWTH

(SUCCESSOR TO HSB 61)

## A BILL FOR

- 1 An Act providing for business entities qualifying for Iowa
- 2 start-up businesses, including the payment of fees by
- 3 persons forming or organizing such entities.
- 4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1	DIVISION I
2	IOWA START-UP BUSINESS INITIATIVE
3	Section 1. NEW SECTION. 9.11 Definitions.
4	As used in this subchapter, unless the context otherwise
5	requires:
6	1. "Business entity" means a business operating on a profit,
7	nonprofit, or cooperative basis formed or organized under the
8	laws of this state, as a partnership or limited liability
9	partnership under chapter 486A; limited partnership under
10	chapter 488; limited liability company including a professional
11	limited liability company under chapter 489; corporation under
12	chapter 490; cooperative association under chapter 499, 501, or
13	501A; or nonprofit corporation under chapter 504.
14	2. "Foreign business entity" means a business operating
15	on a profit, nonprofit, or cooperative basis, that is formed
16	or organized in another jurisdiction, including an entity
17	that receives authority from the secretary of state to
18	transact business in this state as a foreign limited liability
19	partnership as provided in section 486A.1102; foreign limited
20	partnership under section 488.902; foreign limited liability
21	company or foreign professional limited liability company
22	under section 489.802; foreign corporation under section
23	490.1503; foreign cooperative association under section 499.54
24	or 490.1503; foreign cooperative association under section
25	501A.221; or foreign nonprofit corporation under section
26	504.1503.
27	Sec. 2. NEW SECTION. 9.12 Business entities qualifying as
28	Iowa start-up businesses.
29	<ol> <li>In order to qualify as an Iowa start-up business,</li> </ol>
30	a business entity shall file an organic document with the
31	secretary of state which includes the following:
32	a. For a partnership, a statement of partnership authority
33	under section 486A.303. However, the statement must be filed

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34 within six months from the date that the partnership first

35 acquired property as provided in section 486A.204.

- 1 b. For a limited partnership, a certificate of limited 2 partnership under section 488.201.
- 3 c. For a limited liability company, a certificate of 4 organization under section 489.201.
- 5 d. For a corporation, articles of incorporation under 6 section 490.202.
- 7 e. For a cooperative association, the following:
- 8 (1) Articles of incorporation under section 499.40.
- 9 (2) Articles of organization under section 501.202.
- 10 (3) Articles of organization under section 501A.503.
- 11 f. For a nonprofit corporation, articles of incorporation
- 12 under section 504.202.
- 2. A business entity described in subsection 1 does not
- 14 qualify as an Iowa start-up business if any of the following
- 15 apply:
- 16 a. Another business entity or a foreign business entity
- 17 holds an equity interest in the business entity.
- 18 b. The business entity does not employ at least one
- 19 individual who works thirty-five hours per week or more.
- 20 c. The business entity is formed or organized by the same
- 21 person who formed or organized a business entity in the prior
- 22 twelve months.
- 23 d. Any other factor established by the secretary of state 24 exists.
- 25 Sec. 3. NEW SECTION. 9.13 Iowa start-up businesses fees.
- 26 A business entity qualifying as an Iowa start-up business
- 27 shall not be charged a fee that is otherwise required to be
- 28 paid to the secretary of state as a direct result of forming
- 29 or organizing a business entity with the secretary of state,
- 30 including fees associated with filing an organic document with
- 31 the secretary of state pursuant to the following:
- 32 1. For a partnership, a statement of partnership authority
- 33 under section 486A.1202.
- 34 2. For a limited partnership, a certificate of limited
- 35 partnership under section 488.1206.

- 1 3. For a limited liability company, a certificate of
- 2 organization under section 489.117.
- 3 4. For a corporation, articles of incorporation under
- 4 section 490.122.
- 5 5. For a cooperative association, the following:
- 6 a. Articles of incorporation under section 499.45.
- 7 b. Articles of organization under section 501.105.
- 8 c. Articles of organization under section 501A.205.
- 9 6. For a nonprofit corporation, articles of incorporation
- 10 under section 504.113.
- 11 Sec. 4. NEW SECTION. 9.14 Rulemaking.
- 12 The secretary of state shall adopt rules as necessary in
- 13 order to implement and administer this subchapter.
- 14 Sec. 5. CODE EDITOR DIRECTIVE. The Code editor shall codify
- 15 the provisions designated for codification in this division of
- 16 this Act as new subchapter II of chapter 9.
- 17 DIVISION II
- 18 COORDINATING AMENDMENTS
- 19 Sec. 6. Section 486A.1202, Code 2013, is amended by adding
- 20 the following new subsection:
- 21 NEW SUBSECTION. 1A. Notwithstanding subsection 1, a fee
- 22 shall not be charged to an Iowa start-up business for filing a
- 23 statement of partnership authority under section 486A.303, or
- 24 any other document determined by the secretary of state to be
- 25 an organic document, as provided in section 9.13.
- Sec. 7. Section 488.1206, Code 2013, is amended by adding
- 27 the following new subsection:
- 28 NEW SUBSECTION. 1A. Notwithstanding subsection 1, a fee
- 29 shall not be charged to an Iowa start-up business for filing a
- 30 certificate of limited partnership under section 488.201, or
- 31 any other document determined by the secretary of state to be
- 32 an organic document, as provided in section 9.13.
- 33 Sec. 8. Section 489.117, Code 2013, is amended by adding the
- 34 following new subsection:
- 35 NEW SUBSECTION. 1A. Notwithstanding subsection 1, a fee

- 1 shall not be charged to an Iowa start-up business for filing a
- 2 certificate of organization under section 489.201, or any other
- 3 document determined by the secretary of state to be an organic
- 4 document, as provided in section 9.13.
- 5 Sec. 9. Section 490.122, Code 2013, is amended by adding the
- 6 following new subsection:
- 7 NEW SUBSECTION. 1A. Notwithstanding subsection 1, a fee
- 8 shall not be charged to an Iowa start-up business for filing
- 9 articles of incorporation under section 490.202, or any other
- 10 document determined by the secretary of state to be an organic
- 11 document, as provided in section 9.13.
- 12 Sec. 10. Section 499.45, Code 2013, is amended to read as
- 13 follows:
- 14 499.45 Fees.
- 15 l. A fee of twenty dollars shall be paid to the secretary
- 16 of state upon filing articles of incorporation, amendments, or
- 17 renewals.
- 18 1A. Notwithstanding subsection 1, a fee shall not be
- 19 charged to an Iowa start-up business for filing articles of
- 20 incorporation under section 499.40, or any other document
- 21 determined by the secretary of state to be an organic document,
- 22 as provided in section 9.13.
- 23 2. Except as provided in this section, the association shall
- 24 pay the fees prescribed by section 490.122 when the documents
- 25 described in that section are delivered to the secretary of
- 26 state for filing.
- 27 Sec. 11. Section 501.105, Code 2013, is amended by adding
- 28 the following new subsection:
- 29 NEW SUBSECTION. 3A. Notwithstanding subsection 3, a fee
- 30 shall not be charged to an Iowa start-up business for filing
- 31 articles of organization under section 501.202, or any other
- 32 document determined by the secretary of state to be an organic
- 33 document, as provided in section 9.13.
- 34 Sec. 12. Section 501A.205, Code 2013, is amended by adding
- 35 the following new subsection:

- 1 NEW SUBSECTION. 1A. Notwithstanding subsection 1, a fee
- 2 shall not be charged to an Iowa start-up business for filing
- 3 articles of organization under section 501A.503, or any other
- 4 document determined by the secretary of state to be an organic
- 5 document, as provided in section 9.13.
- 6 Sec. 13. Section 504.113, Code 2013, is amended by adding
- 7 the following new subsection:
- 8 NEW SUBSECTION. 1A. Notwithstanding subsection 1, a fee
- 9 shall not be charged to an Iowa start-up business for filing
- 10 articles of organization under section 504.202, or any other
- 11 document determined by the secretary of state to be an organic
- 12 document, as provided in section 9.13.
- 13 EXPLANATION
- 14 This bill provides that a qualifying start-up business is
- 15 not required to pay a fee associated with filing an organic
- 16 document with the secretary of state. The form of the organic
- 17 document depends upon the type of business being formed or
- 18 organized, and includes a partnership (Code chapter 486A),
- 19 limited partnership (Code chapter 488), limited liability
- 20 company (Code chapter 489), corporation (Code chapter 490),
- 21 cooperative association (Code chapters 499, 501, and 501A),
- 22 or a nonprofit corporation (Code chapter 504). An organic
- 23 document differs based on the business entity being formed
- 24 or organized, but includes a statement of partnership,
- 25 a certificate of limited partnership, a certificate of
- 26 organization, articles of incorporation, or articles of
- 27 organization.
- 28 The bill provides that a business entity does not qualify
- 29 as an Iowa start-up business under certain circumstances,
- 30 including if another business entity or a foreign business
- 31 entity holds an equity interest in the entity (e.g., stock),
- 32 the business entity fails to employ at least one individual who
- 33 works a minimum of 35 hours per week, the business entity is
- 34 formed or organized by the same person who formed or organized
- 35 a business entity in the prior 12-month period, or any other

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- 1 factor established by the secretary of state.
- 2 The secretary of state is required to adopt rules necessary
- 3 in order to implement and administer the bill's provisions.
- 4 The Code editor is required to codify the new provisions in
- 5 the bill as a new subchapter in Code chapter 9. The bill also
- 6 provides a number of coordinating provisions in each Code
- 7 chapter which requires a business entity to pay the secretary
- 8 of state fees for filing organic documents.