

Senate Study Bill 1021 - Introduced

SENATE/HOUSE FILE _____
BY (PROPOSED DEPARTMENT OF
COMMERCE/BANKING DIVISION
BILL)

A BILL FOR

1 An Act relating to matters under the purview of the banking
2 division of the department of commerce, including
3 permissible investments, notice requirements, and
4 requirements for a person obtaining control of a state bank.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 524.533, subsection 1, Code 2023, is
2 amended to read as follows:

3 1. Written notice stating the place, day, and hour of a
4 meeting of the shareholders and, in case of a special meeting,
5 the purpose or purposes for which the meeting is called, shall
6 be delivered not less than ten nor more than sixty days before
7 the date of the meeting, ~~either personally or by mail,~~ by or
8 at the direction of the president, the cashier, or the officer
9 or persons calling the meeting, to each shareholder of record
10 entitled to vote at the meeting. ~~If mailed, the notice is~~
11 ~~deemed to be delivered when deposited in the United States mail~~
12 ~~addressed to the shareholder at the shareholder's address as~~
13 ~~it appears on the stock transfer books of the state bank with~~
14 ~~postage prepaid.~~ As used in [this section](#), the term "notice"
15 means as defined in [section 490.141](#). The written notice
16 required by this section may be given by any method of delivery
17 that is permitted in section 490.141, and the notice shall
18 be deemed to be delivered when the notice becomes effective
19 pursuant to section 490.141, subsection 9.

20 Sec. 2. Section 524.544, subsection 1, Code 2023, is amended
21 to read as follows:

22 1. Whenever any person proposes to purchase or otherwise
23 acquire directly or indirectly any of the outstanding shares
24 of a state bank, and the proposed purchase or acquisition
25 would result in control or in a change in control of the
26 state bank, the person proposing to purchase or acquire the
27 shares shall first apply in writing to the superintendent
28 for a certificate of approval for the proposed change of
29 control. The superintendent shall grant the certificate if
30 the superintendent is satisfied that the person who proposes
31 to obtain control of the state bank is qualified by character,
32 experience, and financial responsibility to control and operate
33 the state bank in a sound and legal manner, and that the
34 interests of the depositors, creditors, and shareholders of
35 the state bank, and of the public generally, particularly the

1 state bank's plans to accept deposits from, lend money in, and
2 process payments in the area the state bank primarily serves,
3 will not be jeopardized by the proposed change of control. A
4 person which will become a bank holding company upon completion
5 of an acquisition shall make application to the superintendent
6 for a certificate of approval as provided in [this section](#).
7 Any other bank holding company shall comply with section
8 524.1804 in lieu of seeking a certificate of approval under
9 this section. In any situation where the president or cashier
10 of a state bank has reason to believe any of the foregoing
11 requirements have not been complied with, it shall be the duty
12 of the president or cashier to promptly report in writing such
13 facts to the superintendent upon obtaining knowledge thereof.

14 Sec. 3. Section 524.607, subsection 2, Code 2023, is amended
15 to read as follows:

16 2. A special meeting may be called by any executive officer
17 or a director. Notice of a meeting shall be given to each
18 ~~director, either personally or by mail,~~ at least two days in
19 advance of the meeting. Notice of a regular meeting shall
20 not be required if the articles of incorporation, bylaws, or
21 a resolution of the board of directors provide for a regular
22 monthly meeting date. As used in [this section](#), the term
23 "notice" means as defined in [section 490.141](#). The written
24 notice required by this section may be given by any method of
25 delivery that is permitted in section 490.141, and the notice
26 is deemed to be delivered when the notice becomes effective
27 pursuant to section 490.141, subsection 9.

28 Sec. 4. Section 524.901, subsection 7, paragraph a, Code
29 2023, is amended by adding the following new subparagraph:

30 NEW SUBPARAGRAPH. (6) Tax equity financing transactions in
31 which a state bank provides equity financing to fund a project
32 or projects that generate tax credits or other tax benefits
33 and the equity-based structure of the transaction permits the
34 transfer of such tax credits or other tax benefits to the state
35 bank. A state bank may take a majority financial position in

1 a project, but shall be a passive investor and shall not take
2 a management position. The investment of state bank funds in
3 a tax credit-generating project are subject to the following
4 restrictions:

5 (a) The state bank shall not participate in the operation of
6 any project or facility resulting from such a transaction or
7 the sale of energy, if any, derived from the project.

8 (b) The state bank shall obtain a legal opinion or otherwise
9 demonstrate a good-faith determination that the tax credits
10 or other tax benefits are available before engaging in a tax
11 equity financing transaction.

12 (c) The tax credits, tax benefits, or other payments the
13 state bank receives from the transaction shall repay the state
14 bank's investment and provide the expected rate of return at
15 the time of the investment.

16 (d) Except as provided under subparagraph division (c),
17 the state bank shall not share in any appreciation in value of
18 its interests in the project or in any of the real or personal
19 assets associated with the project.

20 Sec. 5. Section 524.901, subsection 7, paragraph b, Code
21 2023, is amended to read as follows:

22 b. A state bank's total investment in any combination of
23 the shares or equity interests of the entities identified in
24 paragraph "a", subparagraphs (1) through ~~(5)~~ (6) shall be
25 limited to ~~fifteen~~ twenty percent of its aggregate capital.

26 Sec. 6. Section 524.1308A, subsection 5, Code 2023, is
27 amended to read as follows:

28 5. As used in [this section](#), the term "notice" means as
29 defined in [section 490.141](#). The written notice required by
30 subsection 2 may be given by any method of delivery that is
31 permitted in section 490.141, and the notice is deemed to be
32 delivered when the notice becomes effective pursuant to section
33 490.141, subsection 9.

34 Sec. 7. REPEAL. Section 524.901, subsection 11, Code 2023,
35 is repealed.

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EXPLANATION

The inclusion of this explanation does not constitute agreement with the explanation's substance by the members of the general assembly.

This bill relates to matters under the purview of the banking division of the department of commerce, including permissible investments, notice requirements, and requirements for a person obtaining control of a state bank.

The bill deletes requirements for notice to be delivered personally or by mail for specified meetings and dissolution proceedings and instead provides that notice may be given by any method allowed, and shall be deemed effective as provided in Code section 490.141.

The bill provides that a person obtaining control of a state bank shall not jeopardize the interests of the bank, including the state bank's plans to accept deposits, lend money, and process payments in the area that the state bank primarily serves.

The bill provides that a state bank may invest up to 5 percent of its aggregate capital in tax equity financing transactions that fund projects that generate tax credits. The state bank shall be a passive investor in the project but may take a majority financial position. The investment in a tax credit project is subject to certain restrictions, including that the state bank shall repay the bank's investment and provide the expected rate of return.

The bill provides that the state bank's total investment in investment options provided in Code section 524.901(7)(a) shall be limited to 20 percent of the bank's aggregate capital. Current law provides that a bank is limited to 15 percent of the bank's aggregate capital.

The bill repeals Code section 524.901(11), which allows a state bank to invest up to 5 percent of its aggregate capital in innovative financial technology products or services.