

Senate File 414 - Introduced

SENATE FILE 414

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A BILL FOR

1 An Act relating to the review and approval by the department of
2 inspections, appeals, and licensing of housing and health care
3 facility acquisitions by private equity firms.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

unofficial

1 Section 1. NEW SECTION. **10A.110 Private equity firm**
2 **acquisitions — housing — health care facilities.**

3 1. As used in this section, unless the context otherwise
4 requires:

5 a. "Acquisition" means a transaction in which an entity gains
6 the ability to direct or influence the management and policies of
7 housing or a health care facility, including but not limited to
8 through the ownership of voting securities, real estate leasing,
9 or by a contract other than a commercial contract for goods or
10 nonmanagement services.

11 b. "Health care facility" means a hospital as defined in
12 section 135B.1, a health care facility as defined in section
13 135C.1, a subacute care facility as defined in section 135G.1,
14 a psychiatric institution as defined in section 135H.1, a hospice
15 program as defined in section 135J.1, or an ambulatory surgical
16 center as defined in section 135R.1.

17 c. "Housing" means a structure or part of a structure that
18 is used as a home, residence, or sleeping place and includes
19 the property on which the structure lies. "Housing" includes a
20 manufactured home as defined in section 414.28.

21 d. "Private equity firm" means an investor or group of
22 investors who primarily engage in the raising or returning of
23 capital and who invest, develop, or dispose of specified assets.
24 "Private equity firm" does not mean a person who contributes or
25 promises to contribute moneys to a private equity firm, but does
26 not otherwise participate in or have control over the management
27 of the private equity firm or the private equity firm's assets.

28 2. The department shall review any acquisition by a private
29 equity firm.

30 3. The department shall not approve an acquisition unless
31 the department determines that the acquisition is in the public
32 interest after considering whether the acquisition has the
33 potential to reduce access to quality, affordable housing or
34 health care facilities. The department shall not grant approval
35 to an acquisition if the department finds that the acquisition is

1 likely to reduce access to quality, affordable housing or health
2 care services.

3 4. A private equity firm shall not complete an acquisition
4 prior to receiving approval from the department. A private
5 equity firm shall provide the department with notice sixty days
6 prior to the intended acquisition.

7 5. Upon request, a private equity firm shall provide to the
8 department any of the following:

9 a. The terms of the acquisition agreement.

10 b. Any plan to close a health care facility or reduce the
11 health care facility's workforce or health care services.

12 c. Any plan to expand a health care facility, the health care
13 facility's workforce, or health care services.

14 d. Any plan to alter the current listed purchase price for
15 housing, rental, or property prices.

16 e. The latest property assessment of the housing or health
17 care facility property.

18 f. Audited and unaudited financial statements from each
19 entity involved in the acquisition and tax filings for each
20 entity involved in the acquisition from the preceding five fiscal
21 years.

22 g. Any other information relevant to evaluating the
23 acquisition.

24 6. The department shall post notice of any pending
25 acquisition on the department's internet site and allow for
26 public comment on the acquisition. The department may hold
27 public forums to obtain input on a proposed acquisition from
28 persons who may be impacted.

29 7. The department may initiate an action to seek an
30 injunction to restrain any violations of this section.

31 8. The department may adopt rules pursuant to chapter 17A to
32 implement this section.

33 **EXPLANATION**

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

1 This bill requires the department of inspections, appeals, and
2 licensing (DIAL) to review any acquisition of housing or health
3 care facilities by a private equity firm. The bill prohibits
4 a private equity firm from completing an acquisition without
5 approval from DIAL and requires a private equity firm to give
6 notice to DIAL of the intended acquisition 60 days before the
7 intended acquisition. The bill prohibits DIAL from approving an
8 acquisition unless DIAL determines that the acquisition is in the
9 public interest, which means the acquisition must not be likely
10 to reduce access to quality, affordable housing or health care
11 services. The bill requires a private equity firm to provide
12 information concerning the acquisition to DIAL upon request.

13 The bill provides that DIAL must post notice of any pending
14 acquisition on DIAL's internet site and allow for public comment.
15 DIAL may also hold public forums on a pending acquisition.

16 The bill allows DIAL to seek an injunction to enforce the
17 bill's provisions.