

Senate File 570 - Introduced

SENATE FILE 570
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO SSB 1203)

A BILL FOR

1 An Act creating a specialty business court, providing fees, and
2 including effective date and applicability provisions.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

unofficial

1 Section 1. NEW SECTION. **602.6801 Definitions.**

2 As used in this part, unless the context otherwise requires:

3 1. "Controlling person" means a person who directly or
4 indirectly controls a governing person, officer, or other
5 organization.

6 2. "Governing documents" means the instruments, documents,
7 or agreements adopted under an organization's governing law
8 to govern the organization's formation and internal affairs.

9 "Governing documents" includes any of the following:

10 a. A certificate of formation, articles of incorporation, or
11 articles of the organization.

12 b. Bylaws of the organization.

13 c. A partnership agreement.

14 d. A company agreement or operating agreement.

15 e. A shareholder agreement.

16 f. A voting agreement or voting trust agreement.

17 g. An agreement among owners restricting the transfer of
18 ownership interests.

19 3. "Governing law" means the law governing the formation and
20 internal affairs of an organization.

21 4. "Governing person" means a person who is entitled, alone
22 or as part of a group, to manage and direct an organization's
23 affairs under the organization's governing documents and
24 governing law. "Governing person" includes any of the following:

25 a. A member of the board of directors of a corporation or
26 other organization.

27 b. A general partner of a general or limited partnership.

28 c. A manager of a limited liability company that is managed
29 by its managers.

30 d. A member of a limited liability company that is managed by
31 its members.

32 e. A trust manager of a real estate investment trust.

33 f. A trustee of a business trust.

34 5. "Governmental entity" means any of the following:

35 a. This state.

1 b. A political subdivision of this state, including a
2 municipality, a county, or any kind of district.

3 6. "*Internal affairs*" means any of the following:

4 a. The rights, powers, and duties of an organization's
5 governing persons, officers, owners, and members.

6 b. Matters relating to the organization's membership or
7 ownership interests.

8 7. "*Managerial official*" means a governing person or officer.

9 8. "*Officer*" means a person elected, appointed, or designated
10 as an officer of an organization by the organization's governing
11 persons or governing documents.

12 9. "*Organization*" means a foreign or domestic entity or
13 association, regardless of whether the organization is for profit
14 or nonprofit. "*Organization*" includes any of the following
15 entities:

16 a. A corporation.

17 b. A limited partnership.

18 c. A general partnership.

19 d. A limited liability partnership.

20 e. A limited liability company.

21 f. A business trust.

22 g. A real estate investment trust.

23 h. A joint venture.

24 i. A joint stock company.

25 j. A cooperative.

26 k. A bank.

27 l. A credit union.

28 m. A savings and loan association.

29 n. An insurance company.

30 o. A series of a limited liability company or of another
31 entity.

32 10. "*Owner*" means an owner of an organization. "*Owner*"
33 includes any of the following:

34 a. A shareholder or stockholder of a corporation or other
35 organization.

1 *b.* A general or limited partner of a partnership or an
2 assignee of a partnership interest in a partnership.

3 *c.* A member of, or an assignee of a membership interest in, a
4 limited liability company.

5 *d.* A member of a nonprofit organization.

6 11. "Ownership interest" means an owner's interest in
7 an organization, including an owner's economic, voting, and
8 management rights.

9 12. "Qualified transaction" means a transaction under which a
10 party does one of the following:

11 *a.* Pays, receives, is obligated to pay, or is entitled to
12 receive consideration with an aggregate value of at least one
13 million dollars.

14 *b.* Lends, advances, borrows, receives, is obligated to lend
15 or advance, or is entitled to borrow or receive, money or credit
16 with an aggregate value of at least one million dollars.

17 Sec. 2. NEW SECTION. **602.6802 Business court judicial**
18 **district.**

19 The business court judicial district is created and is
20 composed of all counties in this state.

21 Sec. 3. NEW SECTION. **602.6803 Jurisdiction.**

22 1. Subject to subsections 2 and 3, a judge of the business
23 court created in section 602.6802 has the jurisdiction granted by
24 section 602.6202, including but not limited to the power to do
25 all of the following:

26 *a.* Issue writs of injunction, mandamus, sequestration,
27 attachment, garnishment, and supersedeas.

28 *b.* Grant any relief that may be granted by a district court.

29 2. The business court has within its civil jurisdiction,
30 concurrent with district courts, all of the following:

31 *a.* A derivative action on behalf of an organization.

32 *b.* An action arising out of or relating to a qualified
33 transaction in which the amount in controversy exceeds ten
34 million dollars, excluding interest, statutory damages, exemplary
35 damages, penalties, attorney fees, and costs.

1 c. An action regarding the governance or internal affairs of
2 an organization.

3 d. An action in which a claim under a state or federal
4 securities or trade regulation law is asserted against any of the
5 following:

6 (1) An organization.

7 (2) A governing or controlling person or officer of an
8 organization for an act or omission by the organization or by the
9 person in the person's capacity as a governing person.

10 (3) An underwriter of securities issued by the organization
11 or the auditor of an organization.

12 e. An action by an organization, or an owner or a member of
13 an organization, if all of the following apply:

14 (1) The action is brought against an owner, managerial
15 official, or controlling person of the organization.

16 (2) The action alleges an act or omission by the person
17 in the person's capacity as an owner, managerial official, or
18 controlling person of the organization.

19 f. An action alleging that an owner, managerial official, or
20 controlling person breached a duty by reason of the person's
21 status as an owner, managerial official, or controlling person,
22 including the duty of care, loyalty, or good faith.

23 g. An action seeking to hold an owner, member, or governing
24 person of an organization liable for an obligation of the
25 organization, other than on account of a written contract signed
26 by the person to be held liable in a capacity other than as an
27 owner, member, or governing person.

28 h. An action in which the amount in controversy exceeds ten
29 million dollars, excluding interest, statutory damages, exemplary
30 damages, penalties, attorney fees, and costs, that does either of
31 the following:

32 (1) Arises against, between, or among organizations,
33 governing authorities, governing persons, members, or owners,
34 relating to a contract transaction for business, commercial,
35 investment, agricultural, or similar purposes.

1 (2) Involves violations of Title XII or Title XIII.

2 i. An action seeking a declaratory judgment or injunctive
3 relief brought under the Iowa rules of civil procedure involving
4 any of the following:

5 (1) Chapter 490.

6 (2) An organization's governing documents.

7 (3) A dispute based on claims that fall within the provisions
8 of this subsection.

9 j. An action arising out of provisions in Title XII.

10 3. The business court does not have jurisdiction over any of
11 the following:

12 a. A civil action brought by or against a governmental
13 entity, unless the governmental entity invokes or consents to the
14 jurisdiction of the business court.

15 b. Any claim in which a party seeks recovery of monetary
16 damages for personal injury or death or any claim arising under
17 section 714.16, chapter 633, or chapter 633A, unless all parties
18 and a judge of the business court agree that the claim may
19 proceed in the business court.

20 Sec. 4. NEW SECTION. **602.6804 Judicial authority.**

21 A judge of the business court has all powers, duties,
22 immunities, and privileges of a district judge.

23 Sec. 5. NEW SECTION. **602.6805 Initial filing — removal and
24 remand — transfer and dismissal.**

25 1. An action described in section 602.6803 may be filed in
26 the business court. If the business court does not have subject
27 matter jurisdiction of the action, or part of the action, the
28 court shall, at the option of the party filing the action, do one
29 of the following:

30 a. Transfer the action or part of the action to an
31 appropriate district court.

32 b. Dismiss the action or part of the action without prejudice
33 to the party's rights.

34 2. If an action or part of an action is to be transferred
35 under subsection 1, paragraph "a", and the action or part of the

1 action could have been filed in more than one county, the party
2 filing the action may select the county to which the action or
3 part of the action is transferred.

4 3. A party to an action filed in a district court that is
5 within the subject matter jurisdiction of the business court may
6 remove the action to the business court. If the business court
7 does not have jurisdiction of the action or part of the action,
8 the business court shall remand the action, or part of the
9 action, over which the business court does not have jurisdiction
10 to the district court from which the action was removed.

11 4. Removal of a case to the business court is not subject to
12 rule of civil procedure 1.441.

13 5. Removal of a case does not waive a defect in venue or
14 constitute an appearance to determine personal jurisdiction.

15 Sec. 6. NEW SECTION. **602.6806 Appeals.**

16 The procedure governing an appeal or original proceeding from
17 the business court is the same as the procedure for an appeal or
18 original proceeding from a district court.

19 Sec. 7. NEW SECTION. **602.6807 Qualifications of judge.**

20 A judge of the business court must be all of the following:

21 1. At least thirty-five years of age.

22 2. A United States citizen.

23 3. A resident of Iowa for at least two years before
24 appointment.

25 4. A licensed attorney admitted to practice law in this state
26 with ten or more years of experience in any, or a combination of
27 any, of the following:

28 a. Complex civil business litigation.

29 b. Business transactions law.

30 c. Teaching courses in complex civil business litigation or
31 complex business transactions law at an accredited law school in
32 Iowa.

33 d. Serving as a judge of a court in this state with civil
34 jurisdiction.

35 Sec. 8. NEW SECTION. **602.6808 Composition of court.**

1 1. The governor shall appoint three judges meeting the
2 qualifications of section 602.6807, subject to confirmation by
3 the senate, to serve on the business court for a two-year term.

4 2. A judge of the business court may be reappointed to
5 additional two-year terms.

6 3. The governor shall not appoint judges who reside in the
7 same county.

8 4. A judge of the business court is not a district judge or
9 district court judge for purposes of Article V, sections 16 and
10 17, of the Constitution of the State of Iowa.

11 Sec. 9. NEW SECTION. **602.6809 Vacancy.**

12 If a vacancy occurs on the business court, the governor shall
13 appoint in the same manner as provided in sections 602.6807
14 and 608.6808 another person to serve for the remainder of the
15 unexpired term.

16 Sec. 10. NEW SECTION. **602.6810 Salary.**

17 A judge of the business court shall receive the annual salary
18 set for a district judge under section 602.1501.

19 Sec. 11. NEW SECTION. **602.6811 Removal — disqualification
20 and recusal.**

21 1. A judge of the business court may be removed from office
22 in the same manner and for the same reasons as a district judge.

23 2. A judge of the business court is disqualified and subject
24 to mandatory recusal for the same reasons a district judge
25 is subject to disqualification or recusal in a pending case.
26 Disqualification or recusal of a judge of the business court
27 shall be governed by the same procedure as disqualification or
28 recusal of a district judge.

29 Sec. 12. NEW SECTION. **602.6812 Private practice of law.**

30 A judge of the business court shall diligently discharge the
31 duties of the office on a full-time basis and shall not engage in
32 the private practice of law.

33 Sec. 13. NEW SECTION. **602.6813 Visiting judge.**

34 1. A retired or former judge or justice may be assigned as a
35 visiting judge of the business court by the chief justice of the

1 supreme court. A visiting judge of the business court is subject
2 to objection, disqualification, or recusal in the same manner as
3 a retired or former judge or justice is subject to objection,
4 disqualification, or recusal if appointed as a senior judge.

5 2. Before accepting an assignment as a visiting judge of the
6 business court, a retired or former judge or justice shall take
7 the constitutional oath of office required of appointed officers
8 of this state and file the oath with the supreme court.

9 Sec. 14. NEW SECTION. **602.6814 Jury practice and**
10 **procedure.**

11 1. A jury trial of the business court shall be held in a
12 county in which venue would be found under the Iowa rules of
13 civil procedure.

14 2. Subject to subsection 1, a jury trial in a case removed
15 to the business court shall be held in the county in which the
16 action was originally filed.

17 3. Subject to subsection 1, a jury trial in a case filed
18 initially in the business court shall be held in any county in
19 which it could have been filed under the Iowa rules of civil
20 procedure, as chosen by the plaintiff.

21 4. The parties and the judge of the business court may agree
22 to hold the jury trial in any other county. A party shall not be
23 required to agree to hold the jury trial in a different county.

24 5. The drawing of jury panels, selection of jurors, and other
25 jury practice and procedure in the business court shall follow
26 the standards for juries provided in chapter 607A.

27 6. Practice, procedure, rules of evidence, issuance of
28 process and writs, and all other matters pertaining to the
29 conduct of trials, hearings, and other business in the business
30 court are governed by the laws and rules prescribed for district
31 courts, unless otherwise provided under this part.

32 Sec. 15. NEW SECTION. **602.6815 Written opinions.**

33 To facilitate the establishment of a coherent body of law, a
34 judge of the business court shall issue a written opinion when
35 deciding issues of law by order or judgment, unless any of the

1 following apply:

2 1. The court has a well-developed body of law on the issue.

3 2. The court is applying the precedent on the issue.

4 3. Another opinion on the issue will not significantly
5 contribute to the development of the law.

6 Sec. 16. NEW SECTION. **602.6816 Business court staff.**

7 1. The business court shall have a clerk, whose office shall
8 be located in a judicial branch building, or located in a central
9 location designated by the chief justice of the supreme court.

10 The clerk shall do all of the following:

11 a. Receive all filings in the business court.

12 b. Fulfill the legal and administrative functions of a
13 district clerk.

14 2. Each judge of the business court shall maintain chambers
15 in the judicial district of the judge's county of residence in
16 facilities as provided by law.

17 3. Subject to section 602.6814, the business court, or any
18 judge of the business court, may hold court at any location in
19 this state, as the court determines is necessary or convenient
20 for a particular civil action.

21 4. The business court shall use the most advanced technology
22 feasible when necessary and appropriate to facilitate expeditious
23 proceedings in matters brought before the court. As determined
24 by the business court, counsel and parties may appear before the
25 business court by means of internet-based or other technological
26 devices rather than in person.

27 5. In a county in which the business court sits, the sheriff
28 shall in person or by deputy attend the business court as
29 required by the court. The sheriff or deputy is entitled to be
30 reimbursed by the state for the cost of attending court.

31 6. The business court may appoint personnel necessary for the
32 operation of the court, including any of the following:

33 a. The clerk of the court.

34 b. Staff attorneys for the court.

35 c. Staff attorneys for each judge of the business court.

1 d. Court coordinators.

2 e. Administrative assistants.

3 7. The court officials shall perform the duties and
4 responsibilities of their offices and are entitled to the
5 compensation, fees, and allowances prescribed by law for the
6 offices.

7 Sec. 17. NEW SECTION. **602.6817 Fees.**

8 The business court shall provide rates for fees associated
9 with filings and actions in the business court. The fees shall
10 be set at a sufficient amount to cover the costs of administering
11 the provisions of this part, taking into account fee waivers in
12 the interest of justice.

13 Sec. 18. NEW SECTION. **602.6818 Seal.**

14 The seal of the business court is the same as that provided
15 by law for a district court except that the seal must contain the
16 phrase "The Business Court of Iowa".

17 Sec. 19. NEW SECTION. **602.6819 Rules.**

18 1. The supreme court shall promulgate rules of civil
19 procedure for the business court as the supreme court determines
20 necessary, including rules providing for any of the following:

21 a. The timely and efficient removal and remand of cases to
22 and from the business court.

23 b. The assignment of cases to judges of the business court.

24 2. The business court may prescribe rules of practice and
25 procedure, but these rules must be consistent with this part, and
26 are subject to approval of the supreme court.

27 Sec. 20. NEW SECTION. **602.6820 Transition provision.**

28 1. This part applies to civil actions described under section
29 602.6803 filed on or after the effective date of this Act.

30 2. If a civil action described under section 602.6803 was
31 pending in a district court before the effective date of this
32 Act, the parties may agree to have the civil action transferred
33 or removed to the business court in accordance with this part.

34 3. Except as otherwise provided in this part, the business
35 court for the business court judicial district shall begin

1 two years prior to appointment, and (4) a licensed attorney
2 in Iowa that has 10 or more years of experience in practicing
3 civil business litigation, practicing business transactions law,
4 teaching classes in civil business litigation or business
5 transaction law at an accredited Iowa law school, serving as an
6 Iowa judge with civil jurisdiction, or any combination thereof.

7 The bill requires the governor to appoint three judges to
8 the business court to serve two-year terms. The business court
9 judges are required to be confirmed by the senate. Judges
10 appointed are able to be reappointed for additional two-year
11 terms. The bill prohibits the governor from appointing multiple
12 judges that reside in the same county. The bill provides that if
13 vacancy in the business court occurs, the governor may appoint a
14 new judge for the remainder of the term following the procedure
15 of the original appointment. The bill also provides procedures
16 for the removal, disqualification, and recusal of a business
17 court judge. A person appointed as a business court judge is
18 prohibited from participating in the private practice of law.
19 The bill authorizes a retired or former judge or justice of the
20 Iowa courts to be assigned as a visiting judge of the business
21 court.

22 The bill requires each business court judge to maintain
23 chambers in the judicial district of residence. The bill
24 further requires the business court to utilize the most advanced
25 technology accessible for matters brought before the court and
26 instructs the sheriff, in person or by deputy, to attend business
27 court as required. The bill authorizes the court to appoint
28 personnel necessary for operation of the court. The bill
29 requires the business court to determine fees and rates for
30 filings and actions in the business court.

31 The bill directs the supreme court to establish court rules as
32 necessary for the operation of the business court and requires
33 the governor to appoint judges to the business court as soon
34 as practicable after the effective date of the bill. The bill
35 provides that the business court is not created unless the

1 general assembly appropriates moneys for that purpose.

2 The bill takes effect September 1, 2025, and applies to
3 certain business actions described under the bill on or after
4 January 1, 2027.

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