

**CHAPTER 126****CORPORATIONS AND OTHER BUSINESS ENTITIES — MISCELLANEOUS PROVISIONS***H.F. 389*

**AN ACT** relating to administrative dissolutions, nonprofit corporations, and foreign corporations, establishing fees for certain filings, and other related matters.

*Be It Enacted by the General Assembly of the State of Iowa:*

Section 1. Section 86.36, subsection 5, Code 1993, is amended to read as follows:

5. "Nonresident employer", as used in section 85.3 and this section does not mean foreign corporations lawfully qualified to transact business within the state of Iowa under ~~chapter 494 or~~ chapter 490.

Sec. 2. Section 423.1, subsection 8, Code 1993, is amended to read as follows:

8. "Retailer maintaining a place of business in this state" or any like term, ~~shall mean and include~~ includes any retailer having or maintaining within this state, directly or by a subsidiary, an office, distribution house, sales house, warehouse, or other place of business, or any agent operating within this state under the authority of the retailer or its subsidiary, irrespective of whether such place of business or agent is located here permanently or temporarily, ~~or whether such retailer or subsidiary is admitted to do business within this state pursuant to chapter 494.~~

Sec. 3. Section 423.22, Code 1993, is amended to read as follows:

**423.22 REVOKING PERMITS.**

If a retailer maintaining a place of business in this state, or authorized to collect the tax imposed pursuant to section 423.10, fails to comply with any of the provisions of this chapter or any orders or rules prescribed and adopted under this chapter, or is substantially delinquent in the payment of a tax administered by the department or the interest or penalty on the tax, or if the person is a corporation and if any officer having a substantial legal or equitable interest in the ownership of the corporation owes any delinquent tax of the permit-holding corporation, or interest or penalty on the tax, administered by the department, the director may, upon notice and hearing as provided, by order revoke the permit, if any, issued to the retailer under section 422.53; ~~or if the retailer is a corporation authorized to do business in this state under chapter 494, may certify to the secretary of state a copy of an order finding that the retailer has failed to comply with specified provisions, orders or rules.~~ The secretary of state shall, upon receipt of the certified copy, revoke the permit authorizing the corporation to do business in this state, and shall issue a new permit only when the corporation has obtained from the director an order finding that the corporation has complied with its obligations under this chapter. No order authorized in this section shall be made until the retailer is given an opportunity to be heard and to show cause why the order should not be made, and the retailer shall be given ten days' notice of the time, place, and purpose of the hearing. The director may issue a new permit pursuant to section 422.53 after revocation. The preceding provision applies to users and persons supplying services enumerated in section 422.43.

Sec. 4. Section 468.327, Code 1993, is amended to read as follows:

**468.327 TRUSTEE CONTROL.**

A district formed pursuant to this part, under the control of a city council, may be placed under the control and management of a board of trustees as provided in subchapter III of this chapter. Each trustee shall be a citizen of the United States not less than eighteen years of age and a bona fide owner of benefited land in the district for which the trustee is elected. If the owner is a family farm corporation as defined by section 9H.1, subsection 8, a business corporation organized and existing under chapter 490; ~~or 491, or 494,~~ or a partnership, a stockholder or officer authorized by the corporation or a general partner may be elected as a trustee of the district.

Sec. 5. Section 468.506, subsection 4, Code 1993, is amended to read as follows:

4. In a district which is a levee and drainage district which has eighty-five percent of its acreage within the corporate limits of a city and has been under the control of a city under subchapter II, part 3, a bona fide owner of benefited land in the district. If the owner is a family farm corporation as defined by section 9H.1, subsection 8, a business corporation organized and existing under chapter 490, or 491, or ~~404~~, or a partnership, a stockholder or officer authorized by the corporation or a general partner may be elected as a trustee of the district.

Sec. 6. NEW SECTION. 487.104A CHANGE OF REGISTERED OFFICE OR REGISTERED AGENT.

1. A limited partnership may change its registered office or registered agent by delivering to the secretary of state for filing a statement of change that sets forth all of the following:

- a. The name of the limited partnership.
- b. The street address of its current registered office.
- c. If the current registered office is to be changed, the street address of the new registered office.
- d. The name of its current registered agent.

e. If the current registered agent is to be changed, the name of the new registered agent and the new agent's written consent, either on the statement or attached to it, to the appointment.

f. That after the change or changes are made, the street addresses of its registered office and the business office of its registered agent will be identical.

2. If a registered agent changes the street address of the registered agent's business office, the registered agent may change the street address of the registered office of any limited partnership for which the person is the registered agent by notifying the limited partnership in writing of the change and signing, either manually or in facsimile, and delivering to the secretary of state for filing a statement that complies with the requirements of subsection 1 and recites that the limited partnership has been notified of the change.

3. If a registered agent changes the registered agent's business address to another place, the registered agent may change the business address and the address of the registered agent by filing a statement as required in subsection 2 for each limited partnership, or a single statement for all limited partnerships named in the notice, except that it need be signed only by the registered agent or agents and need not be responsive to subsection 1, paragraph "e", and must recite that a copy of the statement has been mailed to each limited partnership named in the notice.

4. A document delivered to the secretary of state for the purpose of changing a limited partnership's registered agent or registered office may be executed by a general partner.

Sec. 7. Section 490.1422, subsection 1, paragraph d, Code 1993, is amended by striking the paragraph and inserting in lieu thereof the following:

- d. State the state tax identification number of the corporation.

Sec. 8. Section 490.1422, subsection 2, Code 1993, is amended to read as follows:

2. a. The secretary of state shall refer the state tax identification number contained in the application for reinstatement to the department of revenue and finance. The department of revenue and finance shall report to the secretary of state the tax status of the corporation. If the department reports to the secretary of state that a filing delinquency or liability exists against the corporation, the secretary of state shall not cancel the certificate of dissolution until the filing delinquency or liability is satisfied.

b. If the secretary of state determines that the application contains the information required by subsection 1, and that a delinquency or liability reported pursuant to paragraph "a" has been satisfied, and that the information is correct, the secretary of state shall cancel the certificate of dissolution and prepare a certificate of reinstatement that recites the secretary of state's determination and the effective date of reinstatement, file the original of the certificate, and serve a copy on the corporation under section 490.504. If the corporate name in

subsection 1, paragraph "c", is different than the corporate name in subsection 1, paragraph "a", the certificate of reinstatement shall constitute an amendment to the articles of incorporation insofar as it pertains to the corporate name.

Sec. 9. Section 490.1701, subsection 6, Code 1993, is amended to read as follows:

6. A corporation subject to this chapter is not subject to chapter 491, 492, 493, 494, or 495.

Sec. 10. Section 491.11, Code 1993, is amended to read as follows:

**491.11 INCORPORATION FEE.**

Corporations organized for a period of years shall pay the secretary of state, before a certificate of incorporation is issued, a fee of ~~twenty five~~ fifty dollars together with a recording fee of fifty cents per page, and, for all authorized stock in excess of ten thousand dollars, an additional fee of one dollar per thousand. Corporations organized to exist perpetually shall pay to the secretary of state, before a certificate of incorporation is issued, a fee of one hundred dollars together with a recording fee of fifty cents per page, and, for all authorized stock in excess of ten thousand dollars, an additional fee of one dollar ten cents per thousand. Should any corporation increase its capital stock, it shall pay to the secretary of state a recording fee of fifty cents per page and in addition a fee which in case of corporations existing for a period of years shall be one dollar per thousand of such increase and in case of corporations empowered to exist perpetually shall be one dollar and ten cents per thousand of such increase. The fees, except the recording fees, required by this section to be paid, shall not be collected from a corporation organized for the purpose of carrying into effect a plan of reorganization approved in bankruptcy proceedings under the laws of the United States or in a general equity receivership in a court of competent jurisdiction, for the period until the termination of the time for which such fees were paid by the corporation so reorganized.

Sec. 11. Section 491.111, subsection 2, paragraph b, Code 1993, is amended to read as follows:

b. The appointment of a resident agent as provided for in section ~~494.2~~, subsection 6 490.501.

Sec. 12. Section 492.9, Code 1993, is amended to read as follows:

**492.9 CERTIFICATE OF ISSUANCE OF STOCK.**

It shall be the duty of every corporation, except corporations qualified under chapter ~~494~~ or chapter 534, to file a certificate under oath with the secretary of state, within thirty days after the issuance of any capital stock, stating the date of issue, the amount issued, the sum received therefor, if payment be made in money, or the property or thing taken, if such be the method of payment. If the corporation fails to file said certificate of issuance of stock within the thirty-day period herein provided, it may thereafter file the same upon first paying to the secretary of state a penalty of ten dollars when the said certificate is offered for filing. Provided further that the penalty herein provided for is first paid and provided the said report contains the specific information required by this section as to the issuance of any capital stock not previously reported, then the first annual report filed by such corporation following such failure to comply with the provisions of this section, shall be received by the secretary of state as a compliance with this section.

Sec. 13. Section 495.1, Code 1993, is amended to read as follows:

**495.1 CAPITAL STOCK AND PERMIT.**

Sections ~~492.5 to 492.9 and 494.1 to 494.10~~ are hereby made applicable to any foreign corporation which directly or indirectly owns, uses, operates, controls, or is concerned in the operation of any public gasworks, electric light plant, heating plant, waterworks, interurban or street railway located within the state, or the carrying on of any gas, electric light, electric power, heating business, waterworks, interurban or street railway business within the state, or that owns or controls, directly or indirectly, any of the capital stock of any corporation which owns, uses, operates or is concerned in the operation of any public gasworks, electric light plant, electric power plant, heating plant, waterworks, interurban or street railway located within the state, or any foreign corporation that exercises any control in any way or in any manner over any of said such works, plants, interurban or street railways or the business carried on

by said such works, plants, interurban or street railways by or through the ownership of the capital stock of any corporation or corporations or in any other manner whatsoever, and the ownership, operation, or control of any such works, plants, interurban or street railways or the business carried on by any of such works or plants or the ownership or control of the capital stock in any corporation owning or operating any of such works, plants, interurban or street railways by any foreign corporation in violation of the provisions of this chapter is hereby declared to be unlawful.

Sec. 14. Section 495.5, Code 1993, is amended to read as follows:

**495.5 VIOLATIONS – STOCK VOID.**

Shares of capital stock of any corporation owned or controlled in violation of the provisions of this chapter shall be void and the holder thereof of such shares shall not be entitled to exercise the powers of a shareholder of said the corporation or permitted to participate in or be entitled to any of the benefits accruing to shareholders of said the corporation, and sections 494.12 to 494.14 are hereby made applicable to violations of the provisions of this chapter, and courts and juries shall construe this. This chapter shall be construed so as to prevent evasion and to accomplish the intents and purposes thereof of this chapter.

Sec. 15. Section 499.40, Code 1993, is amended by adding the following new subsection: **NEW SUBSECTION. 8.** The name and street address of the association's initial registered agent.

Sec. 16. Section 499.45, subsection 4, Code 1993, is amended by striking the subsection.

Sec. 17. Section 499.49, unnumbered paragraph 1, Code 1993, is amended to read as follows:

Each association shall, before April 1 of each year, file a report with the secretary of state on forms prescribed by the secretary, to be accompanied by the annual fee required by section 499.45, subsection 4. Such report shall be signed by an officer of the association, or a receiver or trustee liquidating its affairs, and shall state:

Sec. 18. Section 499.54, Code 1993, is amended to read as follows:

**499.54 FOREIGN ASSOCIATIONS.**

Any foreign corporation now or hereafter organized under generally similar laws of any other state shall be admitted to do business in Iowa upon compliance with the general laws relating to foreign corporations and payment of the same fees as would be required under section 494.4 were said 490.122 if the foreign co-operative corporation is a foreign corporation for profit seeking authority to transact business in Iowa under chapter 494 490. Upon the secretary of state being satisfied that such the foreign corporation is so organized and has so complied, the secretary shall issue it a certificate authorizing it the foreign corporation to do business in Iowa.

Such a foreign associations corporation thus admitted shall be entitled to all remedies provided in this chapter, and to enforce all contracts theretofore or thereafter made by it the foreign corporation which any association might make under this chapter.

If such a foreign corporation amends its articles it shall forthwith file a copy thereof of the amendment with the secretary of state, certified by the secretary or other proper official of the state under whose laws it is formed, and shall pay the fees prescribed for amendments by section 494.5 490.122. Foreign corporations shall also file statements and pay fees otherwise prescribed by said section 494.5 490.122.

Sec. 19. **NEW SECTION. 499.72 REGISTERED OFFICE AND REGISTERED AGENT.**

Each association must continuously maintain in this state both of the following:

1. A registered office that may be the same as any of its places of business.
2. A registered agent, who may be any of the following:
  - a. An individual who resides in this state and whose business office is identical with the registered office.
  - b. A domestic corporation or not-for-profit domestic corporation whose business office is identical with the registered office.

c. A foreign corporation or not-for-profit foreign corporation authorized to transact business in this state whose business office is identical with the registered office.

**Sec. 20. NEW SECTION. 499.73 CHANGE OF REGISTERED OFFICE OR REGISTERED AGENT.**

1. An association may change its registered office or registered agent by delivering to the secretary of state for filing a statement of change that sets forth all of the following:

- a. The name of the association.
- b. The street address of its current registered office.
- c. If the current registered office is to be changed, the street address of the new registered office.

d. The name of its current registered agent.

e. If the current registered agent is to be changed, the name of the new registered agent and the new agent's written consent, either on the statement or attached to it, to the appointment.

f. That after the change or changes are made, the street addresses of its registered office and the business office of its registered agent will be identical.

2. If a registered agent changes the street address of the registered agent's business office, the registered agent may change the street address of the registered office of any association for which the person is the registered agent by notifying the association in writing of the change and signing, either manually or in facsimile, and delivering to the secretary of state for filing a statement that complies with the requirements of subsection 1 and recites that the association has been notified of the change.

3. If a registered agent changes the registered agent's business address to another place, the registered agent may change the business address and the address of the registered agent by filing a statement as required in subsection 2 for each association, or a single statement for all associations named in the notice, except that it need be signed only by the registered agent or agents and need not be responsive to subsection 1, paragraph "e", and must recite that a copy of the statement has been mailed to each association named in the notice.

4. An association may also appoint or change its registered office or registered agent in its annual report.

**Sec. 21. NEW SECTION. 499.74 RESIGNATION OF REGISTERED AGENT.**

1. A registered agent may resign the agent's agency appointment by signing and delivering to the secretary of state for filing the signed original and two exact or conformed copies of a statement of resignation. The statement may include a statement that the registered office is also discontinued.

2. After filing the statement the secretary of state shall mail one copy to the registered office, if not discontinued, and the other copy to the association at its principal office.

3. The agency appointment is terminated, and the registered office discontinued if so provided, on the thirty-first day after the date on which the statement was filed.

**Sec. 22. NEW SECTION. 499.75 SERVICE ON ASSOCIATION.**

1. An association's registered agent is the association's agent for service of process, notice, or demand required or permitted by law to be served on the association.

2. If an association has no registered agent, or the agent cannot with reasonable diligence be served, the association may be served by registered or certified mail, return receipt requested, addressed to the secretary of the association at its principal office. Service is perfected under this subsection at the earliest of any of the following:

- a. The date the association receives the mail.
- b. The date shown on the return receipt, if signed on behalf of the association.
- c. Five days after its deposit in the United States mail, as evidenced by the postmark, if mailed postpaid and correctly addressed.

3. This section does not prescribe the only means, or necessarily the required means, of serving an association.

**Sec. 23. NEW SECTION. 499.76 GROUNDS FOR ADMINISTRATIVE DISSOLUTION.**

The secretary of state may commence a proceeding under section 499.77 to administratively dissolve an association if any of the following apply:

1. The association does not pay within sixty days after they are due any franchise taxes or penalties imposed by this chapter or other law.
2. The association has not delivered an annual report to the secretary of state in a form that meets the requirements of section 499.49, within sixty days after it is due.
3. The association is without a registered agent or registered office in this state for sixty days or more.
4. The association does not notify the secretary of state within sixty days that its registered agent or registered office has been changed, that its registered agent has resigned, or that its registered office has been discontinued.
5. The association's period of duration stated in its articles of incorporation expires.

**Sec. 24. NEW SECTION. 499.77 PROCEDURE FOR AND EFFECT OF ADMINISTRATIVE DISSOLUTION.**

1. If the secretary of state determines that one or more grounds exist under section 499.76 for dissolving an association, the secretary of state shall serve the association by ordinary mail with written notice of the secretary of state's determination pursuant to section 499.75.

2. If the association does not correct each ground for dissolution or demonstrate to the reasonable satisfaction of the secretary of state that each ground determined by the secretary of state does not exist within sixty days after service of the notice is perfected pursuant to section 499.75, the secretary of state shall administratively dissolve the association by signing a certificate of dissolution that recites the ground or grounds for dissolution and its effective date. The secretary of state shall file the original of the certificate and serve a copy on the association pursuant to section 499.75.

3. An association administratively dissolved continues its existence but shall not carry on any business except that necessary to wind up and liquidate its business and affairs and notify claimants.

4. The administrative dissolution of an association does not terminate the authority of its registered agent.

**Sec. 25. NEW SECTION. 499.78 REINSTATEMENT FOLLOWING ADMINISTRATIVE DISSOLUTION.**

1. An association administratively dissolved under section 499.77 may apply to the secretary of state for reinstatement within two years after the effective date of dissolution. The application must meet all of the following requirements:

- a. Recite the name of the association at its date of dissolution and the effective date of its administrative dissolution.
- b. State that the ground or grounds for dissolution either did not exist or have been eliminated.

2. If the secretary of state determines that the application contains the information required by subsection 1 and that the information is correct, the secretary of state shall cancel the certificate of dissolution and prepare a certificate of reinstatement that recites the secretary of state's determination and the effective date of reinstatement, file the original of the certificate, and serve a copy on the association pursuant to section 499.75.

3. When the reinstatement is effective, it relates back to and takes effect as of the effective date of the administrative dissolution as if the administrative dissolution had never occurred.

**Sec. 26. NEW SECTION. 499.78A APPEAL FROM DENIAL OF REINSTATEMENT.**

1. If the secretary of state denies an association's application for reinstatement following administrative dissolution, the secretary of state shall serve the association pursuant to section 499.75 with a written notice that explains the reason or reasons for denial.

2. The association may appeal the denial of reinstatement to the district court within thirty days after service of the notice of denial is perfected. The association appeals by petitioning the court to set aside the dissolution and attaching to the petition copies of the secretary of state's certificate of dissolution, the association's application for reinstatement, and the secretary of state's notice of denial.

3. The court may summarily order the secretary of state to reinstate the dissolved association or may take other action the court considers appropriate.

4. The court's final decision may be appealed as in other civil proceedings.

Sec. 27. Section 504A.87, Code 1993, is amended by striking the section and inserting in lieu thereof the following:

**504A.87 GROUNDS FOR ADMINISTRATIVE DISSOLUTION.**

The secretary of state may commence a proceeding under section 504A.87A to administratively dissolve a corporation if any of the following apply:

1. The corporation does not pay within sixty days after they are due any franchise taxes or penalties imposed by this chapter or other law.

2. The corporation has not delivered an annual report to the secretary of state in a form that meets the requirements of section 504A.83, within sixty days after it is due.

3. The corporation is without a registered agent or registered office in this state for sixty days or more.

4. The corporation does not notify the secretary of state within sixty days that its registered agent or registered office has been changed, that its registered agent has resigned, or that its registered office has been discontinued.

5. The corporation's period of duration stated in its articles of incorporation expires.

Sec. 28. NEW SECTION. 504A.87A PROCEDURE FOR AND EFFECT OF ADMINISTRATIVE DISSOLUTION.

1. If the secretary of state determines that one or more grounds exist under section 504A.87 for dissolving a corporation the secretary of state shall serve the corporation by ordinary mail with written notice of the secretary of state's determination.

2. If the corporation does not correct each ground for dissolution or demonstrate to the reasonable satisfaction of the secretary of state that each ground determined by the secretary of state does not exist within sixty days after the date of the notice, the secretary of state shall administratively dissolve the corporation by signing a certificate of dissolution that recites the ground or grounds for dissolution and its effective date. The secretary of state shall file the original of the certificate and serve a copy on the corporation.

3. A corporation administratively dissolved continues its existence but shall not carry on any business except that necessary to wind up and liquidate its business and affairs and notify claimants.

4. The administrative dissolution of a corporation does not terminate the authority of its registered agent.

Sec. 29. NEW SECTION. 504A.87B REINSTATEMENT FOLLOWING ADMINISTRATIVE DISSOLUTION.

1. A corporation administratively dissolved under section 504A.87A may apply to the secretary of state for reinstatement within two years after the effective date of dissolution. The application must meet all of the following requirements:

a. Recite the name of the corporation at its date of dissolution and the effective date of its administrative dissolution.

b. State that the ground or grounds for dissolution either did not exist or have been eliminated.

2. If the secretary of state determines that the application contains the information required by subsection 1 and that the information is correct, the secretary of state shall cancel the certificate of dissolution and prepare a certificate of reinstatement that recites the secretary of

state's determination and the effective date of reinstatement, file the original of the certificate, and serve a copy on the corporation.

3. When the reinstatement is effective, it relates back to and takes effect as of the effective date of the administrative dissolution as if the administrative dissolution had never occurred.

**Sec. 30. NEW SECTION. 504A.87C APPEAL FROM DENIAL OF REINSTATEMENT.**

1. If the secretary of state denies a corporation's application for reinstatement following administrative dissolution, the secretary of state shall serve the corporation with a written notice that explains the reason or reasons for denial.

2. The corporation may appeal the denial of reinstatement to the district court within thirty days after service of the notice of denial is perfected. The corporation appeals by petitioning the court to set aside the dissolution and attaching to the petition copies of the secretary of state's certificate of dissolution, the corporation's application for reinstatement, and the secretary of state's notice of denial.

3. The court may summarily order the secretary of state to reinstate the dissolved corporation or may take other action the court considers appropriate.

4. The court's final decision may be appealed as in other civil proceedings.

**Sec. 31. Section 554.9402, subsection 4, Code 1993, is amended to read as follows:**

4. Except as provided in this subsection, a financing statement may be amended by filing a writing signed by both the debtor and the secured party. However, an amendment is sufficient when it is signed only by the secured party if it is filed to show a change of the name of the secured party, the address of the secured party, or both. An amendment showing only a change of the name of the secured party, the address of the secured party, or both, shall be filed without fee. The secretary of state may adopt rules for the change of a secured party's name or address on multiple financing statements by use of a single amendment, including a reasonable fee for processing of the amendment. An amendment does not extend the period of effectiveness of a financing statement. If any amendment adds collateral, it is effective as to the added collateral only from the filing date of the amendment. In this Article, unless the context otherwise requires, the term "financing statement" means the original financing statement and any amendments.

**Sec. 32. Section 554.9403, subsection 5, paragraph a, Code 1993, is amended to read as follows:**

a. Ten dollars for an original financing statement if the statement is in the standard form prescribed by the secretary of state, and otherwise twelve dollars. However, if the original financing statement is filed electronically in the office of the secretary of state, the fee shall be eight dollars if the statement is in the standard form prescribed by the secretary of state, and otherwise twelve dollars.

**Sec. 33. Section 554.9405, Code 1993, is amended by adding the following new subsection:**

**NEW SUBSECTION. 4.** The filing fee for an assignment filed electronically in the office of the secretary of state is eight dollars if the statement is in the standard form, and otherwise ten dollars.

**Sec. 34. Section 554.9406, Code 1993, is amended by adding the following new unnumbered paragraph:**

**NEW UNNUMBERED PARAGRAPH.** The filing fee for a release of collateral filed electronically in the office of the secretary of state is eight dollars if the statement is in the standard form, and otherwise ten dollars.

**Sec. 35. Sections 491.12, 491.30, 491.31, 499.51, and 499.52, Code 1993, are repealed.**

**Sec. 36. Chapter 494, Code 1993, is repealed.**



**CHAPTER 127****SCHOOL ADMINISTRATION, ACCREDITATION, AND RELATED MATTERS***H.F. 457*

**AN ACT** relating to school administration, accreditation, finance, transportation, and providing effective and applicability dates.

*Be It Enacted by the General Assembly of the State of Iowa:*

Section 1. Section 256.11, subsection 10, unnumbered paragraph 2, Code 1993, is amended by striking the paragraph and inserting in lieu thereof the following:

Phase I shall consist of annual monitoring by the department of education of all accredited schools and school districts for compliance with accreditation standards adopted by the state board of education as provided in this section. The phase I monitoring requires that accredited schools and school districts annually complete accreditation compliance forms adopted by the state board and file them with the department of education. Phase I monitoring requires a comprehensive desk audit of all accredited schools and school districts including review of accreditation compliance forms, accreditation visit reports, methods of administration reports, and reports submitted in compliance with sections 280.12 and 280.18.

The department shall conduct site visits to schools and school districts to address accreditation issues identified in the desk audit. Such a visit may be conducted by an individual departmental consultant or may be a comprehensive site visit by a team of departmental consultants and other educational professionals. The purpose of a comprehensive site visit is to determine that a district is in compliance with minimum standards and to provide a general assessment of educational practices in a school or school district and make recommendations with regard to the visit findings for the purposes of improving educational practices above the level of minimum compliance. The department shall establish a long-term schedule of site visits that includes visits of all accredited schools and school districts at least once every five years.

Sec. 2. Section 256.11, subsection 12, Code 1993, is amended to read as follows:

12. During the period of time specified in the plan for its implementation by a school district or nonpublic school, the ~~school or~~ school district or school remains accredited. The accreditation committee shall revisit the school district or nonpublic school and shall determine whether the deficiencies in the standards have been corrected and shall make a report and recommendation to the director and the state board. The committee recommendation shall specify whether the school district or school shall remain accredited or under what conditions the district may remain accredited. The conditions may include, but are not limited to, providing temporary oversight authority, operational authority, or both oversight and operational authority to the director and the state board for some or all aspects of the school district operation, in order to bring the school district into compliance with minimum standards. The state board shall review the report and recommendation, may request additional information, and shall determine whether the deficiencies have been corrected. If the deficiencies have not been corrected, and the conditional accreditation alternatives contained in the report are not mutually acceptable to the local board and the state board, the state board shall merge the territory of the school district with one or more contiguous school districts at the end of the school year. Division of assets and liabilities of the school district shall be as provided in sections 275.29 through 275.31. Until the merger is completed, and subject to a decision by the state board of education, the school district shall pay tuition for its resident students to an accredited school district under section 282.24. However, in lieu of merger and payment of tuition by a nonaccredited school district, the state board may place a district under receivership for the remainder of the school year. The receivership shall be under the direct supervision and authority of the director. The decision of whether to merge the school district and require payment of tuition for the district's students or to place the district under receivership shall be based upon a determination by the state board of the best interests of the students, parents, residents of