

Kibbie
McLaren
Fraise

Succeeded By
SF HF 495

SSB-1243
Agriculture

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
AGRICULTURE BILL BY
CHAIRPERSON McLAREN)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to conflicts of interests by a corporation's
2 board of directors financing agricultural industry ventures
3 and providing applicability and effective dates.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section 15E.205, Code 2001, is amended by
2 adding the following new subsection:

3 NEW SUBSECTION. 1A. Notwithstanding section 490.831, a
4 transaction for financing an Iowa agricultural industry
5 venture as provided in section 15E.209 is void, if any
6 director of the corporation has a direct or indirect interest
7 in the transaction as provided in section 490.831. Each
8 director shall file a disclosure statement with the department
9 and corporation listing any potential conflicts of interest,
10 as provided in the corporation's articles of incorporation.

11 Sec. 2. APPLICABILITY. This Act applies to the board of
12 directors of the Iowa agricultural industry finance
13 corporation, regardless of whether the board is the initial
14 board of directors or a permanent board of directors as
15 provided in sections 15E.205 and 15E.206.

16 Sec. 3. EFFECTIVE DATE. This Act, being deemed of
17 immediate importance, takes effect upon enactment.

18 EXPLANATION

19 Division XIX of Code chapter 15E, referred to as the "Iowa
20 Agricultural Industry Finance Act", authorizes the formation
21 of one or more Iowa agricultural industry finance
22 corporations. The purpose of such a corporation is to
23 facilitate opportunities for local agricultural producer-led
24 ventures and to expand production and processing of high-value
25 agricultural products. Such a corporation is governed by a
26 board of directors. Code section 15E.206 provides for the
27 organization of the board of one corporation by an initial
28 board of directors.

29 This bill regulates conflicts of interest by a
30 corporation's board of directors. Code section 490.831
31 provides that a conflict of interest transaction is not
32 voidable by the corporation if the facts of the transaction
33 are known to the board of directors or the transaction is fair
34 to the corporation.

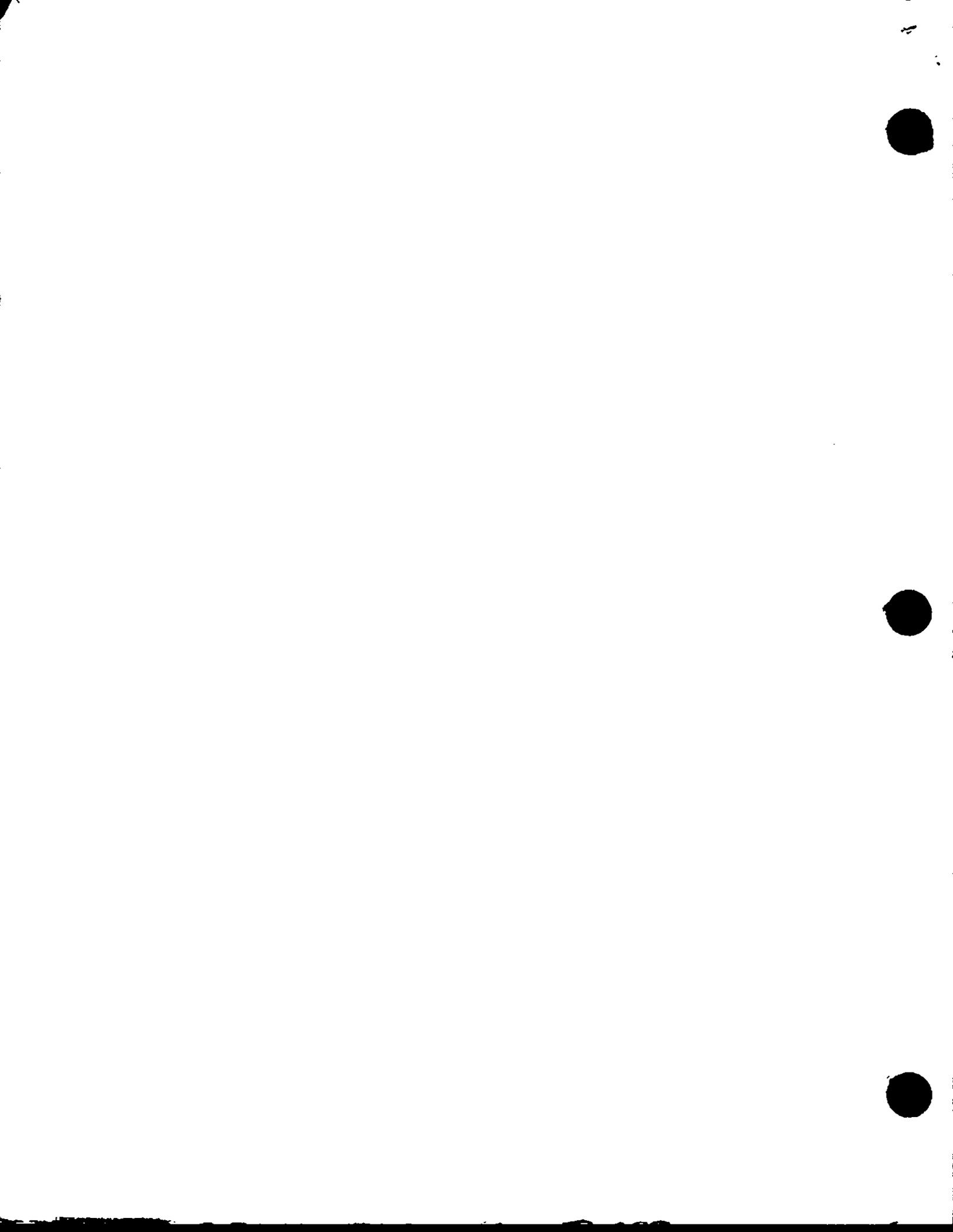
35 The bill provides that notwithstanding that section, a

1 transaction for financing an Iowa agricultural industry
 2 venture is void, if any director of the corporation has a
 3 direct or indirect interest in the transaction as provided in
 4 Code section 490.831. The bill requires each director to file
 5 a disclosure statement with the department of economic
 6 development and corporation listing any potential conflicts of
 7 interest.

8 The bill applies to the initial and permanent board of
 9 directors.

10 The bill becomes effective upon enactment.

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4/4/01 Rereferred To: Agriculture

FILED MAR 19 1977

SENATE FILE 495
BY COMMITTEE ON AGRICULTURE

(SUCCESSOR TO SSB 1243)

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