

CHAPTER 168**INSURANCE COMPANY SALE FOLLOWING DISSOLUTION***H.F. 170*

AN ACT to authorize the sale of the corporate shell of an insolvent insurance company and providing an effective date.

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

Section 1. Section 507C.20, Code 1987, is amended to read as follows:
507C.20 DISSOLUTION OF INSURER.

The commissioner may petition for an order dissolving the corporate existence of a domestic insurer or the United States branch of an alien insurer domiciled in this state at the time the commissioner applies for a liquidation order. The court shall order dissolution of the corporation upon petition by the commissioner upon or after the granting of a liquidation order. If the dissolution has not previously been ordered, it shall be effected by operation of law upon the discharge of the liquidator if the insurer is insolvent. However, dissolution may be ordered by the court upon the discharge of the liquidator if the insurer is under a liquidation order for some other reason. Notwithstanding the above, upon application by the commissioner and following notice as prescribed by the court and a hearing, the court may sell the corporation as an entity, together with any of its licenses to do business, despite the entry of an order of liquidation. The sale may be made on terms and conditions the court deems appropriate including, but not limited to, the placing of the proceeds of the sale of the corporate entity and licenses into a trust for the benefit of policyholders and creditors with proceeds to be distributed in the manner set forth in section 507C.42.

Sec. 2. This Act, being deemed of immediate importance, takes effect upon enactment.

Approved May 29, 1987

CHAPTER 169**AGRICULTURAL ASSISTANCE***H.F. 626*

AN ACT relating to agriculture, by expanding certain definitions, providing requirements for certain farmers to participate in certain programs, providing programs to assist eligible beef cattle producers, maintaining certain tax credits to school districts, providing for certain tax exemptions, providing refunds for claims related to dairy or livestock implements, equipment or machinery, providing for a property tax exemption for certain cattle facilities, and providing an effective date.

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

DIVISION I

Section 1. Section 175.2, subsection 3, Code 1987, is amended to read as follows:

3. "Agricultural producer" means a person engaged or intending to engage in the business of producing and marketing agricultural produce in this state.

Sec. 2. Section 175.4, Code 1987, is amended by adding the following new subsections:

NEW SUBSECTION. 19. The decline in the number of beef cattle production operations is a serious problem within the state, resulting in the conversion of land used for pasture to row crop production, which threatens to destroy a significant part of Iowa's agricultural base and damage the economic viability of the state.

NEW SUBSECTION. 20. It is necessary to create a program in this state to assist agricultural producers who have established or intend to establish beef cattle production operations, to obtain adequate financing, and management assistance and training, and to convert land used for row crop production to pasture.

Sec. 3. Section 175.35, subsection 3, Code 1987, is amended by adding the following new paragraphs:

NEW PARAGRAPH. g. The farmer has a net worth of not more than two hundred thousand dollars.

NEW PARAGRAPH. h. The farmer develops a farm unit conservation plan, as defined in section 467A.42, with the commissioners of the soil conservation district where the land is located within one year from the date of entering into the program, unless the authority prescribes a shorter period by rule.

Sec. 4. **NEW SECTION. 175.36 ASSISTANCE AND MANAGEMENT PROGRAMS FOR BEEF CATTLE PRODUCERS.**

1. The authority shall create and develop programs to assist agricultural producers who have established or intend to establish in this state, beef cattle production operations, including but not limited to the following assistance:

a. **INSURANCE OR LOAN GUARANTEE PROGRAM.** An insurance or loan guarantee program to provide for the insuring or guaranteeing of all or part of a loan made to an agricultural producer for the acquisition of beef cattle to establish or expand a feeder cattle operation.

b. **AN INTEREST BUY-DOWN PROGRAM.** The authority may contract with a participating lending institution and a qualified agricultural producer to reduce the interest rate charged on a loan for the acquisition of beef cattle breeding stock. The authority shall determine the amount that the rate is reduced, by considering the lending institution's customary loan rate for the acquisition of beef cattle breeding stock as certified to the authority by the lending institution.

As part of the contract, in order to partially reimburse the lending institution for the reduction of the interest rate on the loan, the authority may agree to grant the lending institution any amount foregone by reducing the interest rate on that portion of the loan which is one hundred thousand dollars or less. However, the amount reimbursed shall not be more than the lesser of the following:

(1) Three percent per annum of the principal balance of the loan outstanding at any time for the term of the loan or within one year from the loan initiation date as defined by rules adopted by the authority, whichever is less.

(2) Fifty percent of the amount of interest foregone by the lending institution on the loan.

c. **A COST-SHARING PROGRAM.** The authority may contract with an agricultural producer to reimburse the producer for the cost of converting land planted to row crops to pasture suitable for beef cattle production. However, the amount reimbursed shall not be more than twenty-five dollars per acre converted, or fifty percent of the conversion costs, whichever is less. The contract shall apply to not more than one hundred fifty acres of row crop land converted to pasture. The converted land shall be utilized in beef cattle production for a minimum of five years. The amount to be reimbursed shall be reduced by the amount that the agricultural producer receives under any other state or federal program that contributes toward the cost of converting the same land from row crops to pasture.

d. **A MANAGEMENT ASSISTANCE AND TRAINING PROGRAM.** The authority in cooperation with any agency or instrumentality of the federal government or with any state agency, including any state university or those associations organized for the purpose of assisting agricultural producers involved in beef cattle production, or with any farm management company if such company specializes in beef cattle production or in assisting beef cattle producers, as prescribed by rules adopted by the authority, shall establish programs to train and assist agricultural producers to effectively manage beef cattle production operations.

2. An agricultural producer shall be eligible to participate in a program established under this section only if all the following criteria are satisfied:

- a. The agricultural producer is a resident of the state.
- b. The agricultural producer has land or other facilities available to establish a beef cattle production operation as prescribed by rules of the authority.
- c. The agricultural producer is an individual, partnership, or a family farm corporation, as defined in section 172C.1, subsection 8.
- d. The land or other facilities available to establish a beef cattle production operation are located within the state.
- e. The agricultural producer has a net worth of four hundred thousand dollars or less.
- f. The agricultural producer develops a farm unit conservation plan, as defined in section 467A.42, with the commissioners of the soil conservation district where the land is located within one year from the date of entering into the program, unless the authority prescribes a shorter period of time by rule.

3. The authority shall adopt rules to enforce the provisions of this section or the terms of a contract to which the authority is a party. The authority may also enforce the provisions of this section or terms of the contract by bringing an action in any court of competent jurisdiction to recover damages. As a condition of entering into the program, the authority may require that the agricultural producer consent to the jurisdiction of the courts of this state to hear any matter arising from the provisions of this section.

DIVISION II

Sec. 5. Section 331.429, subsection 1, paragraph a, Code 1987, is amended to read as follows:

a. Transfers from the general fund not to exceed in any year the dollar equivalent of a tax of sixteen and seven-eighths cents per thousand dollars of assessed value on all taxable property in the county and an amount equivalent to the moneys derived by the general fund from ~~livestock tax credits under section 427.17~~, military service tax credits under chapter 426A, and mobile home taxes under section 135D.22 multiplied by the ratio of sixteen and seven-eighths cents to the general fund tax rate.

Sec. 6. Section 427.17, subsections 2 through 5, Code 1987, are amended to read as follows:

2. A tax credit shall be allowed each ~~taxing school~~ district in the state for each head of livestock that was assessed as of January 1, 1973. ~~The tax credit shall commence and be effective for the tax year 1974 and each year thereafter~~ be based upon the livestock assessed as of January 1, 1973.

3. On or before January 15, 1974, the county auditor of each county shall prepare a statement listing for each ~~taxing~~ district in the county the assessed or taxable values of all livestock assessed for taxation as of January 1, 1973. The statement shall also show the tax rates of the various ~~taxing~~ districts and the total amount of taxes which in the absence of this section would have been levied upon livestock assessed as of January 1, 1973. The county auditor shall certify and forward copies of the statement to the director of revenue and finance not later than January 15, 1974. ~~The~~ For the taxes payable for fiscal year 1987 and for subsequent fiscal years, the director of revenue and finance shall compute the applicable tax credit and the amount due to each ~~taxing school~~ district, which amount shall be the dollar amount which would be payable if all livestock so assessed were taxed, based upon those assessed as of January 1, 1973.

4. The amounts due each ~~taxing school~~ district shall be paid on warrants payable to the respective county treasurers by the director of revenue and finance on July 15 of each year. The county treasurer shall apportion the proceeds to the various ~~taxing school~~ districts in the county.

5. In the event that the amount appropriated for reimbursement of the ~~taxing school~~ districts is insufficient to pay in full the amounts due to each of the ~~taxing school~~ districts, then the amount of each payment shall be reduced by the director of revenue and finance according

to the ratio that the total amount of funds to be paid to each taxing school district bears to the total amount to be paid to all taxing school districts in the state.

DIVISION III

Sec. 7. Section 422.42, subsection 3, Code 1987, is amended to read as follows:

3. "Retail sale" or "sale at retail" means the sale to a consumer or to any person for any purpose, other than for processing, for resale of tangible personal property or taxable services, or for resale of tangible personal property in connection with taxable services; and includes the sale of gas, electricity, water, and communication service to retail consumers or users; but does not include agricultural breeding livestock and domesticated fowl, ~~or~~; and does not include commercial fertilizer, agricultural limestone, ~~or~~ herbicide, pesticide, insecticide, food, ~~and~~ medication, ~~and~~ ~~or~~ agricultural drain tile ~~and~~, including installation thereof of agricultural drain tile, any of which are to be used in disease control, weed control, insect control, or health promotion of plants or livestock produced as part of agricultural production for market; and does not include electricity, steam, or any taxable service when purchased and used in the processing of tangible personal property intended to be sold ultimately at retail. When used by a manufacturer of food products, electricity, steam, and other taxable services are sold for processing when used to produce marketable food products for human consumption, including but not limited to, treatment of material to change its form, context, or condition, in order to produce the food product, maintenance of quality or integrity of the food product, changing or maintenance of temperature levels necessary to avoid spoilage or to hold the food product in marketable condition, maintenance of environmental conditions necessary for the safe or efficient use of machinery and material used to produce the food product, sanitation and quality control activities, formation of packaging, placement into shipping containers, and movement of the material or food product until shipment from the building of manufacture. Tangible personal property is sold for processing within the meaning of this subsection only when it is intended that the property will, by means of fabrication, compounding, manufacturing, or germination become an integral part of other tangible personal property intended to be sold ultimately at retail; or will be consumed as fuel in creating heat, power, or steam for processing including grain drying, or for providing heat or cooling for livestock buildings, or for generating electric current, or ~~be consumed in self-propelled~~ implements of husbandry engaged in agricultural production; or the property is a chemical, solvent, sorbent, or reagent, which is directly used and is consumed, dissipated, or depleted, in processing personal property which is intended to be sold ultimately at retail, and which may not become a component or integral part of the finished product. The distribution to the public of free newspapers or shoppers guides is a retail sale for purposes of the processing exemption.

Sec. 8. Section 422.45, Code 1987, is amended by adding the following new subsection:

NEW SUBSECTION. The gross receipts from the sale, furnishing, or service of gas, electricity, water, or heat to be used in implements of husbandry engaged in agricultural production.

DIVISION IV

Sec. 9. **NEW SECTION. 422.47C REFUNDS — AGRICULTURAL IMPLEMENTS, MACHINERY OR EQUIPMENT.**

1. Sales, services, and use taxes paid on repairs to implements or on the purchase or rental of farm machinery or equipment, including replacement parts which are depreciable for state and federal income tax purposes, shall be refunded to the owner, purchaser, or renter provided all of the following conditions are met:

- a. The repairs, purchase, or rental was made on or after July 1, 1987.
- b. The tax was paid to the retailer or timely paid to the department by the user if section 423.14 is applicable.

c. The claim is filed on forms provided by the department and is filed between July 1 and September 1 for the previous calendar year.

d. The implements, machinery or equipment is directly and primarily used in livestock or dairy production.

e. The implement is not a self-propelled implement or an implement customarily drawn or attached to a self-propelled implement, and the machinery or equipment is not a grain dryer, subject to an exemption under section 422.45.

2. A claim for refund timely filed under subsection 1 shall be paid by the department within ninety days after the last date a claim may be filed under this section. The department of revenue and finance shall not in any calendar year pay more than three million eight hundred thousand dollars in claims for refunds filed pursuant to this section. If the department determines that the amount of claims is greater than the amount of moneys available to fully satisfy all claims, the refunds shall be paid on a prorated basis. A claimant who makes an erroneous application for refund shall be liable for payment of any refund paid plus interest at the rate in effect under section 421.7. In addition, a claimant who willfully makes a false application for refund is guilty of a simple misdemeanor and is liable for a penalty equal to fifty percent of the refund claimed. Refunds, penalties, and interest due under this section may be enforced and collected in the same manner as the tax imposed by this division.

DIVISION V

Sec. 10. NEW SECTION. 427B.7 ACTUAL VALUE ADDED EXEMPTION FROM TAX — CATTLE FACILITIES.

A city council, or a county board of supervisors as authorized by section 427B.2, may, by ordinance as provided in section 427B.1, establish a partial exemption from property taxation of the actual value added to owner-operated cattle facilities, including small or medium sized feedlots but not including slaughter facilities, either by new construction or by the retrofitting of existing facilities. The application for the exemption shall be filed pursuant to section 427B.4. The actual value added to owner-operated cattle facilities, as specified in section 427B.1, is eligible to receive a partial exemption from taxation for a period of five years. The amount of actual value added which is eligible to be exempt from taxation is the same as provided in the exemption schedule in section 427B.3.

DIVISION VI

Sec. 11. ASSISTANCE PROGRAMS — FUNDING. The Iowa agricultural development authority shall develop and establish assistance programs for agricultural producers under this Act to be funded from moneys appropriated to the Iowa agricultural development authority for that purpose.

Sec. 12. EFFECTIVE DATE. Division I of this Act, being deemed of immediate importance, takes effect upon enactment.

Approved May 29, 1987