

CHAPTER 101

DAIRY INNOVATION FUND AND PROGRAM

H.F. 700

AN ACT establishing a dairy innovation fund and program to be administered by the department of agriculture and land stewardship.

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

Section 1. NEW SECTION. **159.31A Dairy innovation fund and program.**

1. As used in [this section](#) unless the context otherwise requires:

a. “Financial assistance” means assistance provided only from the moneys and assets legally available to the department pursuant to [this section](#) and includes assistance in the form of grants, low-interest loans, and forgivable loans.

b. “Fund” means the dairy innovation fund.

c. “Located in” means the place or places at which a business’s operations are located and where at least ninety-eight percent of the business’s employees work, or where employees that are paid at least ninety-eight percent of the business’s payroll work.

d. “Program” means the dairy innovation program.

2. a. The fund is created in the state treasury under the control of the department and consists of any moneys appropriated to the fund by the general assembly and any other moneys available to or obtained or accepted by the department for placement in the fund. Moneys in the fund are appropriated to the department to award financial assistance as provided under the program. The department shall use any moneys specifically appropriated for purposes of [this section](#) only for the purposes of the program.

b. Notwithstanding [section 8.33](#), moneys in the fund that remain unencumbered and unobligated at the close of the fiscal year shall not revert but shall remain available for expenditure for the purposes designated until the close of the succeeding fiscal year.

3. The department shall establish and administer the program for the purpose of awarding financial assistance to eligible businesses engaged in projects that do one or more of the following:

a. Expand or refurbish existing milk plants or establish a new milk plant, operating pursuant to a permit issued pursuant to [section 192.111](#).

b. Expand or refurbish existing mobile dairy processing units, or establish new mobile dairy processing units.

c. Rent buildings, refrigeration facilities, freezer facilities, or equipment necessary to expand dairy processing capacity, including mobile dairy or refrigeration units used exclusively for dairy processing.

d. Incorporate methods and technologies that reduce farm labor associated with milk production and storage, including but not limited to the use of robotics and processes or systems that operate using computerized equipment or machinery.

4. The department shall establish eligibility criteria for the program by rule. The eligibility criteria must include all of the following:

a. The business must be located in this state.

b. The business must not have been subject to any regulatory enforcement action related to federal, state, or local environmental, worker safety, food processing, or food safety laws, rules, or regulations within the last five years.

c. The business must only employ individuals legally authorized to work in this state.

d. The business must not currently be in bankruptcy.

e. The business must employ less than fifty individuals.

5. A business seeking financial assistance under [this section](#) shall make application to the department in the manner prescribed by the department by rule.

6. Applications shall be accepted during one or more annual application periods to be determined by the department by rule. Upon reviewing and scoring all applications that are received during an application period, and subject to funding, the department may award financial assistance to eligible businesses. A financial assistance award shall not exceed the amount of eligible project costs included in the eligible business’s application. Priority shall

be given to eligible businesses whose proposed project under [subsection 3](#) will do any of the following:

- a. Create new jobs.
- b. Create or expand opportunities for local small-scale milk producers to market pasteurized milk and milk products under private labels.
- c. Provide greater flexibility or convenience for local small-scale farmers to have milk processed.
- d. Reduce labor associated with the on-farm production and storage of milk.
7. A business that is awarded financial assistance under [this section](#) may apply for financial assistance under other programs administered by the authority.
8. The department shall adopt rules pursuant to [chapter 17A](#) to administer [this section](#).

Sec. 2. DIRECTIONS TO CODE EDITOR — NEW PART. The Code editor is directed to organize [section 159.31A](#), as enacted in this Act, as a new part under [chapter 159, subchapter II](#).

Approved May 26, 2023