

Agriculture  
Taylor, Chair  
Dreeszen  
Van Gilst

FILED JAN 25 1982

SENATE FILE 2082

BY BISENIUS

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act authorizing the ownership of agricultural land by  
2 nonresident aliens, foreign businesses, or foreign  
3 governments, and providing a penalty for violations.

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

- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25

1 Section 1. Section 567.1, Code 1981, is amended by adding  
2 the following new subsections:

3 NEW SUBSECTION. "Participation mortgage loan" means a  
4 financial obligation secured by a mortgage on property, the  
5 ownership of which and the income from which is shared by  
6 the mortgagee and mortgagor.

7 NEW SUBSECTION. "Beginning farmer" means a beginning  
8 farmer as defined in section 175.2, subsection 5, who is a  
9 citizen of the United States or a permanent resident alien  
10 as classified by the United States immigration and  
11 naturalization service.

12 NEW SUBSECTION. "Principal owner" means an owner of  
13 property who has at least a fifty-one percent equity in the  
14 property.

15 Sec. 2. Section 567.3, Code 1981, is amended by adding  
16 the following new subsection:

17 NEW SUBSECTION. The restrictions in subsections 1 and  
18 4 do not apply to an interest in agricultural land acquired  
19 through a participation mortgage loan made to a beginning  
20 farmer by a nonresident alien, foreign business, or foreign  
21 government, or an agent, trustee, or fiduciary thereof.  
22 However, a beginning farmer shall be the principal owner of  
23 the agricultural land and shall receive at least fifty-one  
24 percent of the income from the agricultural land under the  
25 terms of a participation mortgage loan. The beginning farmer's  
26 equity in the agricultural land may be transferred subsequently  
27 to a person who is not a beginning farmer, but the principal  
28 owner of the agricultural land shall be a person who is not  
29 a nonresident alien, foreign business, or foreign government,  
30 or an agent, trustee, or fiduciary thereof. A beginning  
31 farmer shall be certified as provided in section 10 of this  
32 Act.

33 Sec. 3. Section 567.5, Code 1981, is amended to read as  
34 follows:

35 567.5 LAND ACQUIRED BY DEVISE OR DESCENT. A nonresident

1 alien, foreign business or foreign government, or an agent,  
2 trustee or fiduciary thereof, which acquires agricultural  
3 land or an interest in agricultural land, by devise or descent  
4 after January 1, 1980, shall divest itself of all right, title  
5 and interest in the land within two years from the date of  
6 acquiring the land or interest. This section ~~shall~~ does not  
7 require divestment of agricultural land or an interest in  
8 agricultural land, acquired by devise or descent from a  
9 nonresident alien, if ~~such~~ the land or an interest in ~~such~~  
10 the land was acquired by any nonresident alien prior to July  
11 1, 1979 or if the interest in the land was acquired through  
12 a participation mortgage loan subject to the restrictions  
13 in section 2 of this Act.

14 Sec. 4. Section 567.7, Code 1981, is amended to read as  
15 follows:

16 567.7 REGISTRATION. A nonresident alien, foreign business  
17 or foreign government, or an agent, trustee or fiduciary  
18 thereof, which owns an interest in agricultural land within  
19 this state on or after January 1, 1980, shall register the  
20 agricultural land with the secretary of state. The  
21 registration shall be made within sixty days after January  
22 1, 1980, or within sixty days after acquiring the land or  
23 the interest in land, whichever time is the later. The  
24 registration shall be in the form and manner prescribed by  
25 the secretary and shall contain the name of the owner and  
26 the location and number of acres of the agricultural land  
27 by township and county. If the interest acquired in  
28 agricultural land is as a mortgagee as provided in section  
29 2 of this Act, the registration shall be accompanied by  
30 certification from the Iowa family farm development authority  
31 that the mortgagor qualifies as a beginning farmer. If the  
32 owner of the agricultural land or owner of the interest in  
33 agricultural land is an agent, trustee or fiduciary of a  
34 nonresident alien, foreign business or foreign government,  
35 the registration shall also include the name of any principal

1 for whom that land, or interest in that land was purchased  
2 as agent.

3 Sec. 5. Chapter 567, Code 1981, is amended by adding the  
4 following new section:

5 NEW SECTION. MORTGAGEE OWNERSHIP--DIVESTMENT. If principal  
6 ownership of agricultural land is acquired by a nonresident  
7 alien, foreign business, or foreign government, or an agent,  
8 trustee, or fiduciary thereof, as a result of being mortgagee  
9 of the land, the nonresident alien, foreign business, or  
10 foreign government, or an agent, trustee, or fiduciary thereof,  
11 shall divest itself of principal ownership of the land subject  
12 to section 2 of this Act within two years of the date of  
13 acquisition. If the divestment does not occur within two  
14 years, the land shall be considered acquired in violation  
15 of this chapter.

16 Sec. 6. Chapter 567, Code 1981, is amended by adding the  
17 following new section:

18 NEW SECTION. MORTGAGE INTEREST REPORT. A nonresident  
19 alien, foreign business, or foreign government, or an agent,  
20 trustee, or fiduciary thereof, who acquires an interest in  
21 agricultural land as a mortgagee subject to section 2 of this  
22 Act, shall file a report with the secretary of state before  
23 March 31 of each year. The report shall be in the form and  
24 manner prescribed by the secretary and shall contain the  
25 following:

- 26 1. The name of the principal owner of the agricultural  
27 land.
- 28 2. The name of the mortgagee of the agricultural land.
- 29 3. If the mortgagee of the agricultural land is an agent,  
30 trustee, or fiduciary of a nonresident alien, foreign business,  
31 or foreign government, the name of any principal for whom  
32 the interest in that land was acquired as agent.
- 33 4. The location and number of acres of the agricultural  
34 land by township and county.
- 35 5. The date that the interest in the agricultural land

1 was acquired.

2 6. Whether the principal owner of the agricultural land  
3 is a beginning farmer certified under section 9 of this Act.

4 Sec. 7. Section 567.9, subsection 1, Code 1981, is amended  
5 to read as follows:

6 1. If the secretary of state finds that a nonresident  
7 alien, foreign business, foreign government, or an agent,  
8 trustee, or other fiduciary thereof, has acquired or holds  
9 title to or interest in agricultural land in this state in  
10 violation of this chapter or has failed to timely register  
11 as required under section 567.7 or has failed to timely report  
12 as required under section 567.8 or 6 of this Act, the secretary  
13 shall report the violation to the attorney general.

14 Sec. 8. Section 567.11, Code 1981, is amended to read  
15 as follows:

16 567.11 PENALTY--FAILURE TO TIMELY FILE. A nonresident  
17 alien, foreign business or foreign government, or an agent,  
18 trustee or other fiduciary thereof, who fails to timely file  
19 the registration as required by section 567.7, or who fails  
20 to timely file a report required by section 567.8 or 6 of  
21 this Act shall, for each offense, be punished by a fine of  
22 not more than two thousand dollars.

23 Sec. 9. Section 172C.4, Code 1981, is amended by adding  
24 the following new subsection:

25 NEW SUBSECTION. Agricultural land acquired by a nonresident  
26 alien as provided in section 2 of this Act.

27 Sec. 10. Section 175.12, Code 1981, is amended by adding  
28 the following new subsection:

29 NEW SUBSECTION. Upon application, if the executive director  
30 of the authority finds that an applicant meets the requirements  
31 of paragraphs a, b, c, e, and g of subsection 3 of this  
32 section, the executive director shall certify the applicant  
33 as a beginning farmer for the purpose of receiving a  
34 participation mortgage loan from a nonresident alien, foreign  
35 business, or foreign government, or an agent, trustee, or

1 fiduciary thereof, subject to section 2 of this Act.

2

EXPLANATION

3 This bill authorizes nonresident aliens, foreign businesses,  
4 and foreign governments to acquire an interest in agricultural  
5 land by participation mortgage loans to beginning farmers.

6 The mortgage agreement may provide for the mortgagor and  
7 mortgagee to share the ownership and the income of the  
8 agricultural land, but the beginning farmer shall be the  
9 principal owner and receive at least a fifty-one percent share  
10 of the annual income. There is no restriction on a subsequent  
11 sale of the land to another person who is not a beginning  
12 farmer, but the subsequent principal owner cannot be a  
13 nonresident alien, foreign business, or foreign government.  
14 The limited interest may be transferred by devise or descent  
15 from a nonresident alien.

16 This bill takes effect July 1 following its enactment.

17

18

19

20

21

22

23

24

25

26

27

28

29

30

31

32

33

34

35