

Agriculture 1/16/85

Reprinted 3/6/85

Do Pass 2/18(426) **FILED** JAN 15 1985

SENATE FILE 32
BY HUTCHINS

Passed Senate, Date 3-5-85 (p.609) Passed House, Date 3-12-85 (p.777)
Vote: Ayes 29 Nays 19 Vote: Ayes 55 Nays 43
Approved March 22, 1985

A BILL FOR

3189 1 An Act to establish a minimum price for certain agricultural
2 commodities sold within the state, providing for supply
3 management and orderly marketing, and providing a penalty.
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

SF 32

1 Section 1. The general assembly finds that agriculture in
2 the state of Iowa is a public interest affecting the
3 employment and livelihood of a substantial portion of the
4 population, necessary tax revenues, and essential foods vital
5 to the public health and welfare. The inability of individual
6 producers to secure a reasonable return for agricultural
7 products grown in the state threatens the entire economy of
8 the state and has resulted in an economic emergency.

9 Therefore this legislation is enacted under the powers of the
10 state to protect and further the public health and welfare.

11 Sec. 2. NEW SECTION. 185D.1 DEFINITIONS.

12 For the purposes of this chapter:

316 13 1. "Agricultural commodity" means milk, corn, soybeans,
14 wheat, oats, rye, barley, buckwheat, flaxseed, sunflowers,
15 sorghum, peas, beans, or any other commodity as determined by
16 the secretary.

3189 > 17 2. "Statewide average county loan rate" means the average
18 of all county loan rates in the state.

19 3. "Secretary" means the secretary of agriculture.

20 4. "County loan rate" means the amount of money the United
21 States department of agriculture will loan per bushel on an
22 agricultural commodity in a county of the state.

23 5. "Person" means an individual, corporation, partnership,
24 trust, association, cooperative association, or other business
25 unit or organization.

26 6. "Processor" means a person who buys or takes title to
27 or possession of an agricultural commodity for the purpose of
28 processing or manufacturing it, or selling, reselling, or
29 redelivering it in its original or processed form, including a
30 person or exchange that conducts such a business and a person
31 or exchange that buys the commodity from the producer for the
32 purpose of reselling it to a person or exchange that conducts
33 such a business.

34 7. "Producer" means a person who is engaged in the
35 business of growing or producing any agricultural commodities

1 within the state or a shareholder of the commodities.

2 8. "World carryover stocks" means the total quantity of
3 world stocks of an agricultural commodity in excess of world
4 use.

5 9. "World use" means total world consumption or use of an
6 agricultural commodity on an annual basis.

7 Sec. 3. NEW SECTION. 185D.2 MINIMUM PRICE.

3165 8 1. The secretary shall establish the minimum price of all
9 agricultural commodities according to this section. The
10 minimum price established by the secretary shall apply to all
11 grades and types of the commodity produced, bought, or sold in
12 the state subject to normal price differentials reflecting
13 grades and quality.

3182 14 2. The minimum price of an agricultural commodity shall be
15 effective when at least sixty percent of the previous year's
16 United States production of the commodity, including the
17 volume of the commodity produced in the state, is subject to a
18 minimum price established by other states equal to the minimum
19 price established in this state under this section.

20 3. The minimum price established by the secretary for an
21 agricultural commodity, except sunflowers, shall not be less
22 than eighty percent of parity nor greater than one hundred
23 percent of parity as defined by United States Code, title 7,
24 section 1301, as in effect on the date of enactment of this
25 Act. The minimum price established by the secretary for
26 sunflowers shall not be less than eighty percent of parity nor
27 greater than one hundred percent of parity as determined by
28 the secretary.

29 4. The minimum price established by the secretary for an
30 agricultural commodity for a county shall not be less than the
31 product of the state minimum price for that commodity divided
32 by the statewide average county loan rate, multiplied by the
33 county loan rate of the county in question. For counties in
34 which no county loan rates are available, the secretary shall
35 determine transportation adjustments based on normal price

1 differentials.

2 5. The secretary shall establish minimum prices within ten
3 days after the effective date of this Act, based on the parity
4 prices in effect on or before February 1 of the year of
5 enactment and on or before February 1 of each year thereafter.

6 6. The secretary shall publish notice of the establishment
7 of minimum prices in the Iowa administrative bulletin.

8 Minimum prices established by the secretary and the procedures
9 established by the secretary for payment of the checkoff fees,
10 as authorized under section 185D.8, subsection 2, are not
11 subject to the Iowa administrative procedure Act. The
12 secretary, however, shall maintain all data used in
13 determining each minimum price and checkoff procedure. A
14 person aggrieved by a price or procedure determined by the
15 secretary may, within thirty days of the publication of that
16 price or procedure, petition the district court for judicial
17 review. Upon notice of the petition, the secretary shall file
18 with the district court a copy of all data used which shall
19 constitute the record for review by the district court.

3189 >

20 Sec. 4. NEW SECTION. 185D.3 SUPPLY MANAGEMENT AND
21 ORDERLY MARKETING.

22 1. If world carryover stocks as a percent of total world
23 use for any agricultural commodity exceeds by twenty-five
24 percent the previous twenty-year average of world carryover
25 stocks as a percent of total world use of the commodity, the
26 secretary shall implement supply management or orderly
27 marketing procedures as provided in subsection 3 within
28 twenty-four months.

29 2. Notwithstanding subsection 1, the secretary shall
30 implement supply management or orderly marketing procedures,
31 as provided in subsection 3, if the secretary determines that
32 the volume of production of an agricultural commodity
33 threatens, or is likely to threaten, the productivity of the
34 state's agricultural land and is disrupting, or is likely to
35 disrupt, normal marketing patterns.

1 3. The secretary after consultation with the state's
2 agricultural producers and their representatives, shall
3 announce supply management or orderly marketing rules which
4 establish the production history of each farm producing the
5 commodity involved. The rules shall be adopted within thirty
6 days if not vetoed by the general assembly or producers as
7 provided in section 185D.4. The rules are not subject to the
8 Iowa administrative procedure Act. Any adjustment of
9 production or market shares under the rules shall be on a pro
10 rata basis among all producers of the agricultural commodity
11 involved. The magnitude of the pro rata adjustment shall be
12 sufficient to protect the productivity of the state's
13 agricultural land and prevent the disruption of normal
14 marketing patterns.

15 4. The supply management or orderly marketing rules
16 authorized in subsection 3 shall become effective not less
17 than one hundred eighty days before the beginning of the
18 planting period for the agricultural commodity involved, or
19 not less than one hundred eighty days before the beginning of
20 the calendar year, whichever is appropriate, if the secretary
21 determines that the implementation of the rules is likely to
22 cause no comparative disadvantage for state producers of the
23 agricultural commodity involved.

24 Sec. 5. NEW SECTION. 185D.4 VETO BY GENERAL ASSEMBLY OR
25 PRODUCERS.

26 The supply management or orderly marketing rules authorized
27 in section 185D.3, subsection 3, shall be adopted thirty days
28 after being announced by the secretary unless within the
29 thirty-day period both houses of the general assembly, in
30 regular or special session, adopt, by an affirmative vote in
31 each house, a resolution stating in substance that the two
32 houses do not favor the rules, in which case the rules shall
33 be withdrawn by the secretary, or unless at least twenty-five
34 percent of the state's producers of the agricultural commodity
35 involved petition the secretary for a referendum on the rules.

1 Not later than thirty days after receipt and validation of
2 a petition the secretary shall authorize a referendum to be
3 conducted by secret ballot. Any state producer of the
4 agricultural commodity involved is eligible to vote in the
5 referendum. If a majority of the producers voting in the
6 referendum vote against the rules, they shall be withdrawn by
7 the secretary and the minimum price for the agricultural
8 commodity involved shall not be applicable for the year during
9 which the rules would have been in force.

10 Sec. 6. NEW SECTION. 185D.5 ENFORCEMENT.

3189 11 1. The secretary shall monitor commodity transactions. If
12 the secretary has reasonable cause to believe that an ongoing
13 violation of this chapter is occurring or that a violation may
14 occur, and upon notification to the party involved, the
15 secretary shall issue an order to restrain the violation,
16 which shall remain in effect for ten working days during which
17 time the secretary shall seek a permanent restraining order in
18 a court of proper jurisdiction.

19 2. Within sixty days of a reported violation of this
20 chapter, the secretary shall initiate proceedings to determine
21 if a violation has occurred. If a violation has occurred, the
22 secretary may negotiate a settlement with the offending party,
23 including payment of a penalty in an amount not less than the
24 difference between the lower price and the established minimum
3189 25 price for the agricultural commodity involved in the case, in
26 addition to the fine in section 185D.7 If an agricultural
27 commodity was purchased for less than the minimum price and if
28 a settlement cannot be reached within sixty days, the attorney
29 general shall take other appropriate legal action.

3187 30 Sec. 7. NEW SECTION. 185D.6 EXEMPT TRANSACTIONS.

31 This chapter does not apply to a producer who sells an
32 agricultural commodity directly to a consumer or processor
33 outside of the state, or to a person who sells an agricultural
34 commodity for use as seed.

35 Sec. 8. NEW SECTION. 185D.7 PENALTIES.

1 A person shall not sell to another and a person shall not
2 purchase from another an agricultural commodity for less than
3/89 3 the minimum price most recently set by the secretary. A
4 violation of this chapter is a serious misdemeanor punishable
5 by imprisonment not to exceed one year or a fine not to exceed
6 ten thousand dollars or both.

7 Sec. 9. NEW SECTION. 185D.8 FEES TO DEFRAY
8 ADMINISTRATIVE COSTS.

9 1. For the purpose of providing funds to defray the
10 expenses incurred by the secretary in administering this
11 chapter, the secretary shall establish a checkoff fee in an
12 amount equal to one-tenth of one percent of the sale price at
13 the first point of sale of the agricultural commodity for
14 which a minimum price is in effect.

15 2. The secretary shall establish the procedure for the
16 timely payment of the checkoff fee by the producer and publish
17 legal notice of the procedure not later than ninety days after
18 enactment of this Act. The procedure shall also be clearly
19 outlined in the notice of the establishment of any minimum
20 price published by the secretary under section 185D.2,
21 subsection 6. The procedure must be fair and reasonable and
22 the checkoff fee shall be deducted by the first purchaser at
23 the time of sale. The first purchaser shall submit to the
24 secretary any checkoff fees so deducted once every thirty days
25 in accordance with the procedure established by the secretary.

26 3. All moneys collected as fees shall be paid into the
27 state treasury and then credited to the minimum price fund of
28 the secretary, which fund is created as a special fund within
29 the general fund of the state and annually appropriated to
30 carry out the purposes of this chapter. Interest, if any,
31 received on deposits of these moneys shall be credited to the
32 fund, and there shall be paid into this fund any sum provided
33 by the general assembly for the purpose of carrying out this
34 chapter.

35 4. In any year during which moneys credited to the minimum

1 price fund exceed projected administrative costs by two
2 million dollars, the secretary shall discontinue checkoff fees
3 the following year and thereafter until the moneys credited to
4 the minimum price fund fall below five hundred thousand
5 dollars, at which time the secretary shall give notice that
6 the checkoff fees shall be reestablished the following year.

3170 >

7

EXPLANATION

8 This bill provides for the establishment of a minimum price
9 for agricultural commodities sold within the state to be
10 established by the secretary of agriculture. The minimum
11 price will be set at not less than eighty percent and not more
12 than one hundred percent of parity and will be adjusted by the
13 ratio of the county loan rate for the county in which the
14 commodity was produced to the state average county loan rate.
15 The minimum price will go into effect when sixty percent of
16 the previous year's volume of the commodity produced within
17 the United States is subject to a minimum price imposed by
18 other states equivalent to that set by the secretary.

19 The bill provides for supply management and orderly
20 marketing rules which would be adopted by the secretary if the
21 world carryover stocks exceed by twenty-five percent the
22 twenty-year average for world carryover stocks. The rules
23 would be announced and adopted within thirty days unless both
24 houses of the general assembly pass a resolution objecting to
25 the rules or a petition of at least twenty-five percent of the
26 commodity producers asks for a referendum and a majority of
27 the producers voting votes against the rules. The rules would
28 then be withdrawn and the minimum price for that commodity
29 would not be applicable for that year. The supply management
30 or orderly marketing rules would become effective one hundred
31 eighty days before the planting period or one hundred eighty
32 days before the beginning of the calendar year, whichever the
33 secretary determines is appropriate.

34 The secretary will monitor commodity transactions and may
35 issue a restraining order effective for ten days upon

1 reasonable cause to believe a violation of the chapter is
2 occurring and seek a permanent restraining order in a court of
3 proper jurisdiction. The secretary shall initiate proceedings
4 within sixty days of a reported violation to determine if a
5 violation has occurred and may negotiate a settlement with the
6 offending party which may include a fine not less than the
7 difference between the lower price paid for the commodity and
8 the minimum price. If a settlement cannot be reached within
9 sixty days the attorney general shall take appropriate action.

10 This chapter does not apply to a producer who sells an
11 agricultural commodity to a consumer or processor outside the
12 state or to a person who sells a commodity for use as seed. A
13 violation of the chapter is a serious misdemeanor punishable
14 by not more than one year in prison or a fine of not more than
15 ten thousand dollars or both.

16 A checkoff fee shall be imposed to defray the cost of
17 administration of the program in an amount equal to one-tenth
18 of one percent of the sale price at the first point of sale
19 for each agricultural commodity for which a minimum price is
20 in effect. The fees will be paid to a special fund in the
21 general fund of the state to which additional funds may be
22 appropriated by the general assembly. If the fund exceeds
23 projected costs by two million dollars, the checkoff will be
24 suspended until the fund falls below five hundred thousand
25 dollars and then the fees will be reestablished.

26
27
28
29
30
31
32
33
34
35

FISCAL NOTE

LSB No. 1529S

Staff ID. RLB

SENATE FILE 32

In compliance with a written request received January 17, 1985, a fiscal note for SENATE FILE 32 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note are available from the Legislative Fiscal Bureau to members of the Legislature upon request.

Senate File 32 provides for the establishment of a minimum price for agricultural commodities sold within the state to be established by the Secretary of Agriculture. The minimum price would be set at not less than eighty percent and not more than one hundred percent of parity and will be adjusted by the ratio of the county loan rate for the county in which the commodity was produced to the state average county loan rate. The minimum price will go into effect when sixty percent of the previous year's volume of the commodity produced within the United States is subject to a minimum price imposed by other states equivalent to that set by the Secretary.

The bill provides for supply management and orderly marketing rules to be adopted by the Secretary of Agriculture. The Secretary will monitor commodity transactions and may issue a restraining order effective for ten days upon reasonable cause to believe a violation of the chapter is occurring.

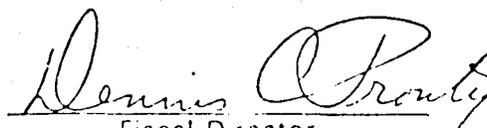
A checkoff fee shall be imposed to defray the cost of administration of the program in an amount equal to one-tenth of one percent of the sale price at the first point of sale for each agricultural commodity for which a minimum price is in effect. The fees will be paid to a special fund in the general fund of the state to which additional funds may be appropriated by the general assembly. If the fund exceeds projected costs by two million dollars, the checkoff will be suspended until the fund falls below five hundred thousand dollars and then the fees will be reestablished.

FISCAL EFFECT: It is estimated that a checkoff fee of one-tenth of one percent of the sale price would generate \$6-8 million for administration costs. If arrangements could be concluded with the federal Agricultural Stabilization Conservation Service, or if minimum state supervision and monitoring was required, the program could cost in the range of \$5 to \$8 million dollars. However, administration costs could be higher depending upon program implementation, the number of commodities covered, and the method of allotting production or marketing quotas. The Department of Agriculture anticipates start-up costs of approximately \$100,000, requiring a source of funding prior to checkoff monies being available. If a referendum is needed, the cost is estimated to be approximately \$10,000.

Source: Department of Agriculture

(LSB 1529S, RLB)

FILED MAR 1 1985


Dennis A. Prouty
Fiscal Director
Legislative Fiscal Bureau
Date: 3/1/85

S-3182

SENATE FILE 32

1 Amend Senate File 32 as follows:

- 2 1. Page 2, line 16, by striking the following:
3 "the commodity" and inserting the following: "that
4 commodity".
5 2. Page 2, line 17, by striking the following:
6 "the commodity" and inserting the following: "that
7 commodity".

S-3182 Filed

February 28, 1985

By CARR

Adopted 3/1/85 (p. 548)

S-3187

SENATE FILE 32

1 Amend Senate File 32 as follows:

- 2 1. Page 5, by striking lines 30 through 34.

S-3187 Filed

March 4, 1985

By TAYLOR

Lost 3/5/85 (p. 609)

S- 3161

SENATE FILE 32

1 Amend Senate File 32 as follows:

- 2 1. Page 1, line 13, by inserting after the word
(3181) 3 "milk," the word "meat,".

S-3161 Filed & Lost (p. 520)
February 27, 1985

By TAYLOR

*Reconsidered amended (3181) and
Adopted 3/1/85 (p. 548)*

S-3165

SENATE FILE 32

1 Amend Senate File 32 as follows:

- 2 1. Page 2, line 10, by inserting after the word
3 "apply" the following: ", subject to normal price
4 differentials reflecting grades and quality,".
5 2. Page 2, line 11, by striking the words
6 "produced, bought," and inserting the word "bought".
7 3. Page 2, by striking lines 12 and 13 and
8 inserting the following: "the state which is produced
9 by each producer up to the average farm production of
10 the commodity."
11 4. Page 2, by inserting after line 13 the
12 following:
13 "____. The secretary shall define the average farm
14 production for each commodity for which the secretary
15 establishes a minimum price. The definition shall be
16 the number of units of the commodity produced by an
17 average producer of the commodity, and shall be
18 revised each year the minimum price is in effect."

S-3165 Filed
February 27, 1985

By RIFE

Lost 3/1/85 (p. 548)

S-3170

SENATE FILE 32

1 Amend Senate File 32 as follows:

- 2 1. Page 7, by inserting after line 6 the following:
3 "Sec. 10. It is the intent of the general assembly
4 that this Act shall remain in effect for five years,
5 and that chapter 185D is repealed July 1, 1990, unless
6 upon that date a sufficient number of states, which
7 produce at least sixty percent of the previous year's
8 United States production of a commodity, have also
9 established a minimum price for the same commodity."

S-3170 Filed
February 27, 1985

By TAYLOR

Adopted 3/1/85 (p. 548)

S-3181

SENATE FILE 32

1 Amend Senate amendment S-3161 to Senate File 32 as
follows:

- 2 1. Page 1, line 3, by striking the word "meat"
3 and inserting the word "meats".

S-3181 Filed
February 28, 1985

By CARR AND TAYLOR

Adopted 3/1/85 (p. 547)

1 Amend Senate File 32 as follows:

2 1. Page 1, by inserting after line 16 the
3 following:

4 "1A. "production supplies" means the inputs
5 necessary for the production of agricultural
6 commodities, and includes but is not limited to seed,
7 insecticide, herbicide, and fertilizer."

8 2. Page 3, by inserting after line 19 the
9 following:

10 "Sec. ____ . NEW SECTION. 185D.2A MAXIMUM PRICE --
11 PRODUCTION SUPPLIES.

12 1. The secretary shall establish the maximum
13 prices of production supplies necessary for the
14 production of each commodity. The maximum price shall
15 assure a fair margin of profit to producers. The
16 secretary shall establish a ratio between the parity
17 price for each commodity and the average cost for
18 production supplies for that commodity over the past
19 twenty-five years, and shall apply the ratio to the
20 minimum price of that commodity established in section
21 185D.2 to determine the maximum price of the
22 production supplies. However, the secretary may
23 establish a price lower than the price determined by
24 the application of the ratio if the secretary deems a
25 lower price necessary to assure a fair margin of
26 profit to producers.

27 2. The secretary shall establish the maximum
28 prices within ten days after the effective date of
29 this Act, based on the parity prices in effect on or
30 before February 1 of the year of enactment, and on or
31 before February 1 of each year thereafter.

32 3. The secretary shall publish notice of the
33 establishment of the maximum prices in the Iowa
34 administrative bulletin. The maximum prices
35 established by the secretary are not subject to
36 chapter 17A.

37 4. The maximum price for production supplies
38 established for each commodity pursuant to this
39 section shall be effective when a minimum price is in
40 effect for that commodity."

41 3. Page 5, line 11, by inserting after the word
42 "commodity" the words "and production supply".

43 4. Page 5, line 25, by inserting after the word
44 "case," the following: "or payment of a penalty in an
45 amount not less than the higher price and the
46 established maximum price for production supplies,".

47 5. Page 6, line 3, by inserting after the word
48 "secretary." the following: "A person shall not sell
49 to another and a person shall not purchase from
50 another production supplies for more than the maximum
Page 2

1 price most recently set by the secretary."

2 6. Title page, by striking line 1 and inserting
3 the following: "An Act relating to agricultural
4 production by establishing maximum prices for
5 production supplies and minimum prices for certain
6 agricultural".

1 Section 1. The general assembly finds that agriculture in
2 the state of Iowa is a public interest affecting the
3 employment and livelihood of a substantial portion of the
4 population, necessary tax revenues, and essential foods vital
5 to the public health and welfare. The inability of individual
6 producers to secure a reasonable return for agricultural
7 products grown in the state threatens the entire economy of
8 the state and has resulted in an economic emergency.
9 Therefore this legislation is enacted under the powers of the
10 state to protect and further the public health and welfare.

11 Sec. 2. NEW SECTION. 185D.1 DEFINITIONS.

12 For the purposes of this chapter:

331, 3286 13 1. "Agricultural commodity" means milk, meats, corn,
3213 14 soybeans, wheat, oats, rye, barley, buckwheat, flaxseed,
15 sunflowers, sorghum, peas, beans, or any other commodity as
16 determined by the secretary.

17 2. "Statewide average county loan rate" means the average
18 of all county loan rates in the state.

19 3. "Secretary" means the secretary of agriculture.

20 4. "County loan rate" means the amount of money the United
21 States department of agriculture will loan per bushel on an
22 agricultural commodity in a county of the state.

23 5. "Person" means an individual, corporation, partnership,
24 trust, association, cooperative association, or other business
25 unit or organization.

26 6. "Processor" means a person who buys or takes title to
27 or possession of an agricultural commodity for the purpose of
28 processing or manufacturing it, or selling, reselling, or
29 redelivering it in its original or processed form, including a
30 person or exchange that conducts such a business and a person
31 or exchange that buys the commodity from the producer for the
32 purpose of reselling it to a person or exchange that conducts
33 such a business.

34 7. "Producer" means a person who is engaged in the
35 business of growing or producing any agricultural commodities

1 within the state or a shareholder of the commodities.

2 8. "World carryover stocks" means the total quantity of
3 world stocks of an agricultural commodity in excess of world
4 use.

5 9. "World use" means total world consumption or use of an
6 agricultural commodity on an annual basis.

7 Sec. 3. NEW SECTION. 185D.2 MINIMUM PRICE.

8 1. The secretary shall establish the minimum price of all
9 agricultural commodities according to this section. The
10 minimum price established by the secretary shall apply to all
11 grades and types of the commodity produced, bought, or sold in
12 the state subject to normal price differentials reflecting
13 grades and quality.

14 2. The minimum price of an agricultural commodity shall be
15 effective when at least sixty percent of the previous year's
16 United States production of that commodity, including the
17 volume of that commodity produced in the state, is subject to
18 a minimum price established by other states equal to the
19 minimum price established in this state under this section.

20 3. The minimum price established by the secretary for an
21 agricultural commodity, except sunflowers, shall not be less
22 than eighty percent of parity nor greater than one hundred
23 percent of parity as defined by United States Code, title 7,
24 section 1301, as in effect on the date of enactment of this
25 Act. The minimum price established by the secretary for
26 sunflowers shall not be less than eighty percent of parity nor
27 greater than one hundred percent of parity as determined by
28 the secretary.

29 4. The minimum price established by the secretary for an
30 agricultural commodity for a county shall not be less than the
31 product of the state minimum price for that commodity divided
32 by the statewide average county loan rate, multiplied by the
33 county loan rate of the county in question. For counties in
34 which no county loan rates are available, the secretary shall
35 determine transportation adjustments based on normal price

1 differentials.

327 2 5. The secretary shall establish minimum prices within ten
3 days after the effective date of this Act, based on the parity
4 prices in effect on or before February 1 of the year of
5 enactment and on or before February 1 of each year thereafter.

6 6. The secretary shall publish notice of the establishment
7 of minimum prices in the Iowa administrative bulletin.
8 Minimum prices established by the secretary and the procedures
9 established by the secretary for payment of the checkoff fees,
10 as authorized under section 185D.8, subsection 2, are not
11 subject to the Iowa administrative procedure Act. The
12 secretary, however, shall maintain all data used in
13 determining each minimum price and checkoff procedure. A
14 person aggrieved by a price or procedure determined by the
15 secretary may, within thirty days of the publication of that
16 price or procedure, petition the district court for judicial
17 review. Upon notice of the petition, the secretary shall file
18 with the district court a copy of all data used which shall
19 constitute the record for review by the district court.

20 Sec. 4. NEW SECTION. 185D.3 SUPPLY MANAGEMENT AND
21 ORDERLY MARKETING.

22 1. If world carryover stocks as a percent of total world
23 use for any agricultural commodity exceeds by twenty-five
24 percent the previous twenty-year average of world carryover
25 stocks as a percent of total world use of the commodity, the
26 secretary shall implement supply management or orderly
27 marketing procedures as provided in subsection 3 within
28 twenty-four months.

29 2. Notwithstanding subsection 1, the secretary shall
30 implement supply management or orderly marketing procedures,
31 as provided in subsection 3, if the secretary determines that
32 the volume of production of an agricultural commodity
33 threatens, or is likely to threaten, the productivity of the
34 state's agricultural land and is disrupting, or is likely to
35 disrupt, normal marketing patterns.

1 3. The secretary after consultation with the state's
2 agricultural producers and their representatives, shall
3 announce supply management or orderly marketing rules which
4 establish the production history of each farm producing the
5 commodity involved. The rules shall be adopted within thirty
6 days if not vetoed by the general assembly or producers as
7 provided in section 185D.4. The rules are not subject to the
8 Iowa administrative procedure Act. Any adjustment of
9 production or market shares under the rules shall be on a pro
10 rata basis among all producers of the agricultural commodity
11 involved. The magnitude of the pro rata adjustment shall be
12 sufficient to protect the productivity of the state's
13 agricultural land and prevent the disruption of normal
14 marketing patterns.

15 4. The supply management or orderly marketing rules
16 authorized in subsection 3 shall become effective not less
17 than one hundred eighty days before the beginning of the
18 planting period for the agricultural commodity involved, or
19 not less than one hundred eighty days before the beginning of
20 the calendar year, whichever is appropriate, if the secretary
21 determines that the implementation of the rules is likely to
22 cause no comparative disadvantage for state producers of the
23 agricultural commodity involved.

332
331 24 Sec. 5. NEW SECTION. 185D.4 VETO BY GENERAL ASSEMBLY OR
25 PRODUCERS.

26 The supply management or orderly marketing rules authorized
27 in section 185D.3, subsection 3, shall be adopted thirty days
28 after being announced by the secretary unless within the
29 thirty-day period both houses of the general assembly, in
30 regular or special session, adopt, by an affirmative vote in
31 each house, a resolution stating in substance that the two
32 houses do not favor the rules, in which case the rules shall
33 be withdrawn by the secretary, or unless at least twenty-five
34 percent of the state's producers of the agricultural commodity
35 involved petition the secretary for a referendum on the rules.

1 Not later than thirty days after receipt and validation of
2 a petition the secretary shall authorize a referendum to be
3 conducted by secret ballot. Any state producer of the
4 agricultural commodity involved is eligible to vote in the
5 referendum. If a majority of the producers voting in the
6 referendum vote against the rules, they shall be withdrawn by
7 the secretary and the minimum price for the agricultural
8 commodity involved shall not be applicable for the year during
9 which the rules would have been in force.

10 Sec. 6. NEW SECTION. 185D.5 ENFORCEMENT.

11 1. The secretary shall monitor commodity transactions. If
12 the secretary has reasonable cause to believe that an ongoing
13 violation of this chapter is occurring or that a violation may
14 occur, and upon notification to the party involved, the
15 secretary shall issue an order to restrain the violation,
16 which shall remain in effect for ten working days during which
17 time the secretary shall seek a permanent restraining order in
18 a court of proper jurisdiction.

19 2. Within sixty days of a reported violation of this
20 chapter, the secretary shall initiate proceedings to determine
21 if a violation has occurred. If a violation has occurred, the
22 secretary may negotiate a settlement with the offending party,
23 including payment of a penalty in an amount not less than the
24 difference between the lower price and the established minimum
25 price for the agricultural commodity involved in the case, in
26 addition to the fine in section 185D.7 If an agricultural
27 commodity was purchased for less than the minimum price and if
28 a settlement cannot be reached within sixty days, the attorney
29 general shall take other appropriate legal action.

30 Sec. 7. NEW SECTION. 185D.6 EXEMPT TRANSACTIONS.

31 This chapter does not apply to a producer who sells an
32 agricultural commodity directly to a consumer or processor
33 outside of the state, or to a person who sells an agricultural
34 commodity for use as seed.

35 Sec. 8. NEW SECTION. 185D.7 PENALTIES.

3305, 3304

33221 A person shall not sell to another and a person shall not
2 purchase from another an agricultural commodity for less than
3 the minimum price most recently set by the secretary. A
4 violation of this chapter is a serious misdemeanor punishable
5 by imprisonment not to exceed one year or a fine not to exceed
6 ten thousand dollars or both.

7 Sec. 9. NEW SECTION. 185D.8 FEES TO DEFRAY
8 ADMINISTRATIVE COSTS.

9 1. For the purpose of providing funds to defray the
10 expenses incurred by the secretary in administering this
11 chapter, the secretary shall establish a checkoff fee in an
12 amount equal to one-tenth of one percent of the sale price at
13 the first point of sale of the agricultural commodity for
14 which a minimum price is in effect.

15 2. The secretary shall establish the procedure for the
16 timely payment of the checkoff fee by the producer and publish
17 legal notice of the procedure not later than ninety days after
18 enactment of this Act. The procedure shall also be clearly
19 outlined in the notice of the establishment of any minimum
20 price published by the secretary under section 185D.2,
21 subsection 6. The procedure must be fair and reasonable and
22 the checkoff fee shall be deducted by the first purchaser at
23 the time of sale. The first purchaser shall submit to the
24 secretary any checkoff fees so deducted once every thirty days
25 in accordance with the procedure established by the secretary.

26 3. All moneys collected as fees shall be paid into the
27 state treasury and then credited to the minimum price fund of
28 the secretary, which fund is created as a special fund within
29 the general fund of the state and annually appropriated to
30 carry out the purposes of this chapter. Interest, if any,
31 received on deposits of these moneys shall be credited to the
32 fund, and there shall be paid into this fund any sum provided
33 by the general assembly for the purpose of carrying out this
34 chapter.

35 4. In any year during which moneys credited to the minimum

1 price fund exceed projected administrative costs by two
2 million dollars, the secretary shall discontinue checkoff fees
3 the following year and thereafter until the moneys credited to
4 the minimum price fund fall below five hundred thousand
5 dollars, at which time the secretary shall give notice that
6 the checkoff fees shall be reestablished the following year.

3294 >

7 Sec. 10. It is the intent of the general assembly that
8 this Act shall remain in effect for five years, and that
9 chapter 185D is repealed July 1, 1990, unless upon that date a
10 sufficient number of states, which produce at least sixty
11 percent of the previous year's United States production of a
12 commodity, have also established a minimum price for the same
13 commodity.

14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35

SENATE FILE 32

H-3299

1 Amend Senate File 32 as amended, passed and
2 reprinted by the Senate, as follows:

3 1. Page 2, by inserting after line 19 the
4 following:

5 "_____. The secretary shall not establish the
6 minimum price of an agricultural commodity unless more
7 than fifty percent of the producers of the commodity
8 in this state approve the establishment of a minimum
9 price. A referendum shall be held for each commodity
10 subject to this chapter. The secretary shall give
11 notice of a referendum on the question of whether a
12 minimum price of the commodity should be established
13 by the secretary by publishing the notice for a period
14 of not less than five days in at least one newspaper
15 of general circulation in the state. The notice shall
16 state the voting places, period of time for voting,
17 and other information deemed necessary by the
18 secretary. Notice of the initial referendum for each
19 commodity shall be given within ten days after the
20 effective date of this Act. The referendum shall not
21 be commenced until five days after the last date of
22 publication. Each producer of the commodity who signs
23 a statement certifying that the person is a bona fide
24 producer of the commodity is entitled to one vote. At
25 the close of the referendum, the secretary shall count
26 and tabulate the ballots cast. If more than fifty
27 percent of voters favor the establishment of a minimum
28 price for the commodity, the secretary shall establish
29 the minimum price of the commodity. If the referendum
30 fails, another referendum shall not be held within one
31 hundred eighty days. Subsequent referendums on the
32 question may be called upon receipt by the secretary
33 of a petition, signed by a number of producers at
34 least equal to ten percent of the number of producers
35 who voted in the previous referendum, requesting a
36 referendum on the question of whether a minimum price
37 of the commodity should be established by the
38 secretary. The subsequent referendums shall be
39 conducted as provided in this subsection."

40 2. Page 3, by striking lines 2 and 3 and
41 inserting the following:

42 "5. The secretary shall establish minimum prices
43 within thirty days after the date of a referendum at
44 which the producers favor the establishment of a
45 minimum price. The price shall be established based
46 on the parity".

47 3. Page 7, by inserting after line 6 the
48 following:

49 "Sec. _____. There is appropriated from the general
50 fund of the state to the state department of

1 agriculture for the fiscal year beginning July 1, 1985
2 and ending June 30, 1986, ten thousand (10,000)
3 dollars, or so much thereof as is necessary, for
4 conducting the initial referendums on the
5 establishment of minimum prices for commodities which
6 the secretary is required to hold pursuant to section
7 185D.2."

8 4. By renumbering as necessary.

H-3299 FILED MARCH 11, 1985 BY STROMER of Hancock

Lost 3/12/85 (p. 776)

SENATE FILE 32

H-3280

1 Amend Senate File 32 as amended, passed and
2 reprinted by the Senate as follows:
3 1. Page 4, line 33, by striking the word "twenty-five"
4 and inserting the word "five".

H-3280 FILED MARCH 7, 1985 BY PELLETT of Cass

Lost 3/12 (p. 772)

SENATE FILE 32

H-3286

1 Amend Senate File 32 as amended, passed and
2 reprinted by the Senate as follows:
3 1. Page 1, by striking lines 13 through 16 and
4 inserting the following:
5 "1. "Agricultural commodity" means milk, soy-
6 beans, feed grains, wheat, rye, buckwheat, flaxseed,
7 sunflowers, peas, beans, or any other commodity
8 determined by the secretary.
9 1A. "Feed grain" means corn, oats, barley,
10 sorghum, and any other feed grain determined by the
11 secretary."
12 2. Page 2, line 19, by inserting after the word
13 "section." the following: "However, the minimum price
14 of a feed grain is not effective until at least sixty
15 percent of the previous year's United States
16 production of each feed grain, including the volume of
17 the feed grains produced in this state, is subject to
18 a minimum price established by other states equal to
19 the minimum price established in this state under this
20 section."
21 3. By renumbering as necessary.

H-3286 FILED MARCH 8, 1985 BY BENNETT of Ida

W/ID 3/12 (p. 766)

SENATE FILE 32

H-3288

1 Amend Senate File 32 as amended, passed and
2 reprinted by the Senate as follows:
3 1. Page 3, line 31, by inserting after the word
4 "secretary" the following: ", together with the
5 persons administering provisions equivalent to this
6 section in states which, including the volume of the
7 commodity produced in this state, produced at least
8 sixty percent of the previous year's United States
9 production of the commodity,".

H-3288 FILED MARCH 8, 1985 BY BENNETT of Ida

Lost 3/12 (p. 770)

SENATE FILE 32

H-3303

- 1 Amend Senate File 32 as amended, passed, and
- 2 reprinted by the Senate as follows:
- 3 1. Page 2, line 15, by striking the word "sixty"
- 4 and inserting the word "seventy".

H-3303 FILED MARCH 11, 1985 BY HANSON of Delaware

Loss 3/12 (p. 768)

SENATE FILE 32

H-3304

- 1 Amend Senate File 32 as amended, passed and
- 2 reprinted by the Senate as follows:
- 3 1. Page 5, line 33, by inserting after the word
- 4 "state," the following: "to a person who buys or
- 5 sells an agricultural commodity for feed for
- 6 livestock,".

H-3304 FILED MARCH 11, 1985 BY HANSON of Delaware

W/D 3/12 (p. 777)

SENATE FILE 32

H-3305

- 1 Amend Senate File 32 as amended, passed and
- 2 reprinted by the Senate as follows:
- 3 1. Page 5, line 33, by inserting after the word
- 4 "state," the following: "to a person who grows, buys,
- 5 or sells an agricultural commodity for feed for
- 6 livestock,".

H-3305 FILED MARCH 11, 1985 BY HANSON of Delaware

Loss 3/12 (p. 774)

SENATE FILE 32

H-3313

- 1 Amend Senate File 32 as amended, passed and
- 2 reprinted by the Senate as follows:
- 3 1. Page 1, by striking lines 13 through 16 and
- 4 inserting the following:
- 5 "1. "Agricultural commodity" means milk, meats,
- 6 soybeans, feed grains, wheat, rye, buckwheat,
- 7 flaxseed, sunflowers, peas, beans, or any other
- 8 commodity determined by the secretary.
- 9 1A. "Feed grain" means corn, oats, barley,
- 10 sorghum, and any other feed grain determined by the
- 11 secretary."
- 12 2. Page 2, line 19, by inserting after the word
- 13 "section." the following: "However, the minimum price
- 14 of a feed grain is not effective until at least sixty
- 15 percent of the previous year's United States
- 16 production of each feed grain, including the volume of
- 17 the feed grains produced in this state, is subject to
- 18 a minimum price established by other states equal to
- 19 the minimum price established in this state under this
- 20 section."
- 21 3. By renumbering as necessary.

H-3313 FILED MARCH 12, 1985 BY BENNETT of Ida

LOST (p. 767)

SENATE FILE 32

H-3314

1 Amend Senate File 32 as amended, passed, and
2 reprinted by the Senate as follows:
3 1. Page 4, by striking lines 24 through 33, and
4 inserting the following:
5 "Sec. 5. NEW SECTION. 185D.4 APPROVAL BY GENERAL
6 ASSEMBLY -- PETITION BY PRODUCERS.
7 The supply management or orderly marketing rules
8 authorized in section 185D.3, subsection 3, shall not
9 be adopted unless both houses of the general assembly,
10 in regular or special session, adopt, by an
11 affirmative vote in each house, a resolution stating
12 in substance that the two houses favor the rules.
13 However, the rules shall not be adopted upon approval
14 of the general assembly if, within thirty days after
15 the approval, at least twenty-five".

H-3314 FILED MARCH 12, 1985 BY MAULSBY of Calhoun
LOST (p. 772)

SENATE FILE 32

H-3316

1 Amend Senate File 32 as amended, passed, and
2 reprinted by the Senate as follows:
3 1. Page 1, line 13, by striking the word
4 "meats,".

H-3316 FILED MARCH 12, 1985 BY STROMER of Hancock
LOST (p. 766)

SENATE FILE 32

H-3319

1 Amend amendment H-3305 to Senate File 32 as
2 amended, passed and reprinted by the Senate as follows:
3 1. Page 1, line 5, by inserting after the word "for"
4 the following: "his or her own".

H-3319 FILED MARCH 12, 1985 BY HANSON of Delaware
ADOPTED (p. 773)

SENATE FILE 32

H-3330

1 Amend House amendment H-3299 to Senate File 32 as
2 amended, passed, and reprinted by the Senate as
3 follows:
4 1. Page 1, lines 6 and 7, by striking the words
5 "more than fifty percent of".
6 2. Page 1, line 9, by inserting after the word
7 "price" the words "as provided in this subsection".

H-3330 FILED MARCH 12, 1985 BY STROMER of Hancock
ADOPTED (p. 775)

SENATE FILE 32

H-3320

1 Amend Senate File 32 as amended, passed, and
2 reprinted by the Senate as follows:
3 1. Page 2, line 13, by inserting after the word
4 "quality." the following: "The secretary shall also
5 establish the minimum price for all other products
6 grown, sown, produced, manufactured, or sold and all
7 services rendered in this state."
8 2. Page 2, line 19, by inserting after the word
9 "section." the following: "The minimum price for all
10 other products grown, sown, produced, manufactured, or
11 sold and all services rendered in this state shall be
12 effective when the minimum price for an agricultural
13 commodity is in effect."

BY HALVORSON of Clayton
HARBOR of Mills

H-3320 FILED MARCH 12, 1985

LOST (p. 767)

SENATE FILE 32

H-3322

1 Amend Senate File 32 as amended, passed, and
2 reprinted by the Senate as follows:
3 1. Page 6, line 4, by striking the word "serious"
4 and inserting the word "simple".
5 2. Page 6, line 5, by striking the words "one
6 year" and inserting the words "thirty days".
7 3. Page 6, line 6, by striking the words "ten
8 thousand" and inserting the words "one hundred".
9 4. Page 6, line 6, by inserting after the word
10 "both." the following: "If prosecution of an alleged
11 violation of this chapter results in acquittal of the
12 defendant, the state shall assume payment of the
13 defendant's reasonable attorney's fees."

H-3322 FILED MARCH 12, 1985 BY MAULSBY of Calhoun

LOST (p. 775)

SENATE FILE 32

H-3321

1 Amend Senate File 32 as amended, passed and
2 reprinted by the Senate as follows:
3 1. Page 4, by inserting after line 23 the
4 following:
5 "5. During a period of production adjustment due
6 to a supply management or orderly marketing rule,
7 property taxes payable on the set-aside acres shall be
8 forgiven."

H-3321 FILED MARCH 12, 1985 BY SCHNEKLOTH of Scott

LOST (p. 771)



TERRY E. BRANSTAD
GOVERNOR

OFFICE OF THE GOVERNOR

STATE CAPITOL
DES MOINES, IOWA 50319

515 281-5211

March 22, 1985

The Honorable Robert T. Anderson
Lieutenant Governor
State Capitol Building
L O C A L

Dear Governor Anderson:

Senate File 32, an act to establish a minimum price for certain agricultural commodities sold within the state, providing for supply management and orderly marketing, and providing a penalty, is hereby disapproved and transmitted to you in accordance with Article III, Section 16, of the Constitution of the State of Iowa.

Senate File 32 is the so-called minimum pricing bill. This bill would make it illegal for Iowa farmers to sell a commodity below a minimum price in Iowa and in other states participating in the pricing system. The minimum price would go into effect for a particular commodity after states with at least sixty percent of the national production of that commodity adopt an established price. However, commodity purchases from farmers in states outside of the pricing territory and sales to processors in those states would not be subject to the minimum pricing requirements. In addition, the bill authorizes the Secretary of Agriculture to establish, under certain conditions, an authorized level of production for agricultural commodities in Iowa. Iowa farmers could thus have their production of commodities limited by a directive of the Secretary of Agriculture. Any Iowan found to have sold or purchased an agricultural commodity for less than the minimum price will be subject to imprisonment of up to one year and a fine of up to \$10,000, or both.

Proponents of Senate File 32 argue that the bill will increase the income of Iowa farmers by forcing purchasers to accept higher prices for Iowa agricultural commodities. In addition, the proponents of Senate File 32 suggest that regardless of the

The Honorable Robert T. Anderson
March 22, 1985
Page 2

substantial doubts about the effectiveness of this legislation, it could send a message to national policymakers of the need for additional action to address farm financial problems.

I understand and sympathize with the concerns of proponents of this legislation. Indeed, the financial problems facing agriculture are more serious than at any time since the Great Depression of the 1930's. Agricultural economists at Iowa State University have indicated that up to forty percent of Iowa farmers are having some financial difficulties.

The reasons for these financial problems are quite clear: interest rates, after deducting for inflation, remain at an all time high and the prices received for farm commodities have dropped significantly over the past year. In Iowa, farm income has dropped by over \$2.2 billion from the record level achieved in 1981 and there are projections for a further decline this year. Cash receipts for Iowa farmers have dropped 11.5 percent since 1981 and exports of Iowa agricultural commodities are down by almost 28 percent.

These numbers do not tell the whole story. Too many Iowa farm families are facing the pain and hurt of being forced off the farm and many of our small businesses have shut their doors because of reduced agricultural sales. The entire rural fabric of our state is being severely tested by these economic troubles.

It is important to note that Iowa is not the only state experiencing farm troubles and that these problems are not of our own doing. From New York to California, the farm problem is spreading as debts pile up and commodity prices shrink. Moreover, the high interest rates that have forced up the cost of production are the result of national policies and huge federal budget deficits. The reduced prices for agricultural commodities are, in a large part, the result of these same national policies which have distorted the value of the dollar and have thus put an effective 30 to 50 percent tax on all of our agricultural exports.

As Governor of the leading farm state in the nation, I was one of the first to recognize this problem, to call it to the attention of the national policymakers, to identify the reasons behind our agricultural difficulties, and to lay out a plan for

The Honorable Robert T. Anderson

March 22, 1985

Page 3

national action to address them. Almost one year ago I called for a federal debt restructuring program to provide farmers with a short-term debt relief they need to get a crop in the ground this spring. I personally visited with the President and outlined to him the seriousness of the agricultural credit crisis and the problems with his proposed farm bill. And, I am leading an effort among the nation's Governors to prevent a reduction in target prices and loan support levels for agricultural commodities in 1985 and to provide for long-term solutions to our agricultural problems.

And, we have made some progress. We have obtained a substantial revised debt restructuring plan which is workable and is being used by many bankers throughout the state of Iowa. Preliminary action by Congress indicates a willingness to maintain the present price support levels for agricultural commodities and an interest in exploring ways to restore profitability to agriculture for the long term.

Indeed, we need both short-term and long-term answers to our problems. In the short-term, even the proponents of the minimum pricing bill indicate that it could do little to relieve the debt problem which threatens many Iowa farmers from getting the credit they need to get the crop in the ground this spring. It would take several years, at minimum, to fully develop the minimum pricing mechanism. Moreover, legal experts have indicated that the constitutionality of a minimum pricing mechanism has not yet been determined. Therefore, it is likely that a court test on the constitutionality of this system would further hold up implementation of such a system.

In the short term, we need to continue to focus our efforts on restructuring farm debt to give farmers time to work out of their present financial difficulties. In this regard, legislation I have proposed to establish a limited moratorium on farm foreclosures would be useful in encouraging participation in a debt restructuring program.

For the long term, proponents of the minimum pricing bill are correct in noting that the solution to long-term agricultural problems will require restoration of profitability to farming.

The Honorable Robert T. Anderson
March 22, 1985
Page 4

And, the only way to restore profitability is to ensure better prices for farm commodities. We must look for all workable ways to increase the prices for these commodities in the future. I am committed to thoroughly and carefully reviewing all alternatives which may increase the price Iowa farmers receive for their products.

Therefore, I conducted such a review of this minimum pricing proposal. I solicited input from farmers on both sides of this issue and received advice from our state's top agricultural economists.

As a result of this review and after careful analysis of the available information, I have determined that I cannot sign Senate File 32 into law. Recognizing the importance of agriculture to our state's economy, I cannot, as Governor, approve legislation which the experts tell me will have the likely result of reducing, not increasing farm income.

A thorough study of the probable impacts of the Iowa minimum price proposal conducted by the Economics Department at Iowa State University concluded that there is a high probability that Iowa would suffer a net loss of income if this proposal went into effect.

The reasons for the probable loss of income to Iowa farmers are clear. To control price, you must control the market and 60 percent of U.S. corn and soybean products amounts to only 9 percent of world grain and soybean production. The exercise of market power to dictate price would be more effective if done on a nationwide basis. That would also prevent the evasion problems that would doom a state-by-state proposal.

According to the ISU study, the state-by-state approach offered in Senate File 32 includes no effective control over the supply of agricultural commodities. As the result, many Iowa livestock and processing industries would likely purchase their commodities from states that are not participating in the price scheme. Therefore, the study concludes that only the transportation industry, not the Iowa farmer, would benefit from this legislation.

The Honorable Robert T. Anderson

March 22, 1985

Page 5

Many Iowa farmers would be left without a market for their products. Those with sufficient marketing expertise would most likely seek willing buyers outside of the pricing territory and the others could be forced to allow their products to perish. This would be a particular problem for Iowa livestock producers since livestock cannot be stored but must be marketed once the appropriate market weight is reached.

In short, the ISU study concluded that the supply control mechanism in Senate File 32 is not sufficient to ensure higher incomes for Iowa farmers. In fact, the law would most likely reduce income to Iowa farmers by denying markets for their products. In addition, the study determined that even with an effective supply control system, a state by state minimum pricing proposal would encourage the substitution of other crops for those produced by Iowa farmers. Thus, it would continue to result in a reduction of prices for the commodities now produced by Iowa farmers. Indeed, the study determined that, if the bill were corrected to prevent the evasion of the law which it now encourages, the negative economic impact of Senate File 32 would even more staggering -- a loss of approximately 86,000 Iowa jobs and \$6.7 billion in economic activity.

Given the present state of the Iowa agricultural economy, we cannot afford to adopt proposals which could reduce farm income or substantially reduce the number of jobs available in Iowa.

Finally, proponents of this legislation argue that, regardless of the effectiveness of the proposal, it would send a message to Washington of the seriousness of the agricultural problems facing the Midwest. Signing this proposal would send a message to these policymakers, but I am convinced it would be the wrong message.

Allowing Senate File 32 to go into law could have the effect of taking the pressure off national policymakers who must take action to restore profitability to agriculture. At this critical time, we must not reduce the pressure on national agricultural officials; we must increase our efforts to secure long-term agricultural policies which will increase the income received by Iowa farmers.

The Honorable Robert T. Anderson
March 22, 1985
Page 6

As part of that effort, I plan to continue to lead the nation's Governors in an effort to convince Washington of the need to provide for profitable agriculture. I plan to go to the White House on March 28 to personally take that message to our nation's leaders.

Moreover, I am concerned that signing this legislation would send the wrong message to Iowa farmers. It could have the impact of giving Iowa farmers the false hope that the prices they receive for their products will be miraculously increased. Indeed, as even the proponents acknowledge, the minimum price mechanism could not be put into effect for several years and even then ISU experts note that it would have a negative impact on farm income. Iowa farmers do not need a cruel hoax; they need real help in the form of debt restructuring and higher prices. And, I plan to continue my efforts to secure both.

Finally, I am concerned that signing Senate File 32 would send the wrong message to other states which have traditionally looked to Iowa for leadership on farm issues. If Iowa puts into effect a law which would have the impact of reducing farm income and have little chance of working, I am concerned that we could permanently damage our credibility on farm issues. As a national leader in developing credible solutions to our farm problems, the state of Iowa must not shirk its important responsibility.

In summary, the proponents of Senate File 32 have appropriately identified the long-term need to increase farm income if we are to solve our agricultural problems. However, this legislation would likely reduce farm income, not increase it. In addition, I am concerned that signing this legislation would take the pressure off Washington to act to address our agricultural problems and would provide only false hopes to Iowa farmers at this critical time. Instead, we need to redouble our efforts to demand changes in national farm policy to keep our farmers on the land and restore profitability to agriculture.

The Honorable Robert T. Anderson
March 22, 1985
Page 7

Therefore, for the above reasons, I hereby respectfully dis-
approve of Senate File 32.

Sincerely,

A handwritten signature in cursive script that reads "Terry E. Branstad". The signature is written in dark ink and is positioned above the printed name.

Terry E. Branstad
Governor

TEB/ps

Vetoed

SENATE FILE 32

AN ACT

TO ESTABLISH A MINIMUM PRICE FOR CERTAIN AGRICULTURAL COMMODITIES SOLD WITHIN THE STATE, PROVIDING FOR SUPPLY MANAGEMENT AND ORDERLY MARKETING, AND PROVIDING A PENALTY.

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

Section 1. The general assembly finds that agriculture in the state of Iowa is a public interest affecting the employment and livelihood of a substantial portion of the population, necessary tax revenues, and essential foods vital to the public health and welfare. The inability of individual producers to secure a reasonable return for agricultural products grown in the state threatens the entire economy of the state and has resulted in an economic emergency. Therefore this legislation is enacted under the powers of the state to protect and further the public health and welfare.

Sec. 2. NEW SECTION. 185D.1 DEFINITIONS.

For the purposes of this chapter:

1. "Agricultural commodity" means milk, meats, corn, soybeans, wheat, oats, rye, barley, buckwheat, flaxseed, sunflowers, sorghum, peas, beans, or any other commodity as determined by the secretary.
2. "Statewide average county loan rate" means the average of all county loan rates in the state.
3. "Secretary" means the secretary of agriculture.
4. "County loan rate" means the amount of money the United States department of agriculture will loan per bushel on an agricultural commodity in a county of the state.
5. "Person" means an individual, corporation, partnership, trust, association, cooperative association, or other business unit or organization.
6. "Processor" means a person who buys or takes title to or possession of an agricultural commodity for the purpose of processing or manufacturing it, or selling, reselling, or redelivering it in its original or processed form, including a person or exchange that conducts such a business and a person or exchange that buys the commodity from the producer for the purpose of reselling it to a person or exchange that conducts such a business.
7. "Producer" means a person who is engaged in the business of growing or producing any agricultural commodities within the state or a shareholder of the commodities.
8. "World carryover stocks" means the total quantity of world stocks of an agricultural commodity in excess of world use.
9. "World use" means total world consumption or use of an agricultural commodity on an annual basis.

Sec. 3. NEW SECTION. 185D.2 MINIMUM PRICE.

1. The secretary shall establish the minimum price of all agricultural commodities according to this section. The minimum price established by the secretary shall apply to all

grades and types of the commodity produced, bought, or sold in the state subject to normal price differentials reflecting grades and quality.

2. The minimum price of an agricultural commodity shall be effective when at least sixty percent of the previous year's United States production of that commodity, including the volume of that commodity produced in the state, is subject to a minimum price established by other states equal to the minimum price established in this state under this section.

3. The minimum price established by the secretary for an agricultural commodity, except sunflowers, shall not be less than eighty percent of parity nor greater than one hundred percent of parity as defined by United States Code, title 7, section 1301, as in effect on the date of enactment of this Act. The minimum price established by the secretary for sunflowers shall not be less than eighty percent of parity nor greater than one hundred percent of parity as determined by the secretary.

4. The minimum price established by the secretary for an agricultural commodity for a county shall not be less than the product of the state minimum price for that commodity divided by the statewide average county loan rate, multiplied by the county loan rate of the county in question. For counties in which no county loan rates are available, the secretary shall determine transportation adjustments based on normal price differentials.

5. The secretary shall establish minimum prices within ten days after the effective date of this Act, based on the parity prices in effect on or before February 1 of the year of enactment and on or before February 1 of each year thereafter.

6. The secretary shall publish notice of the establishment of minimum prices in the Iowa administrative bulletin. Minimum prices established by the secretary and the procedures established by the secretary for payment of the checkoff fees, as authorized under section 185D.8, subsection 2, are not

subject to the Iowa administrative procedure Act. The secretary, however, shall maintain all data used in determining each minimum price and checkoff procedure. A person aggrieved by a price or procedure determined by the secretary may, within thirty days of the publication of that price or procedure, petition the district court for judicial review. Upon notice of the petition, the secretary shall file with the district court a copy of all data used which shall constitute the record for review by the district court.

Sec. 4. NEW SECTION. 185D.3 SUPPLY MANAGEMENT AND ORDERLY MARKETING.

1. If world carryover stocks as a percent of total world use for any agricultural commodity exceeds by twenty-five percent the previous twenty-year average of world carryover stocks as a percent of total world use of the commodity, the secretary shall implement supply management or orderly marketing procedures as provided in subsection 3 within twenty-four months.

2. Notwithstanding subsection 1, the secretary shall implement supply management or orderly marketing procedures, as provided in subsection 3, if the secretary determines that the volume of production of an agricultural commodity threatens, or is likely to threaten, the productivity of the state's agricultural land and is disrupting, or is likely to disrupt, normal marketing patterns.

3. The secretary after consultation with the state's agricultural producers and their representatives, shall announce supply management or orderly marketing rules which establish the production history of each farm producing the commodity involved. The rules shall be adopted within thirty days if not vetoed by the general assembly or producers as provided in section 185D.4. The rules are not subject to the Iowa administrative procedure Act. Any adjustment of production or market shares under the rules shall be on a pro rata basis among all producers of the agricultural commodity

involved. The magnitude of the pro rata adjustment shall be sufficient to protect the productivity of the state's agricultural land and prevent the disruption of normal marketing patterns.

4. The supply management or orderly marketing rules authorized in subsection 3 shall become effective not less than one hundred eighty days before the beginning of the planting period for the agricultural commodity involved, or not less than one hundred eighty days before the beginning of the calendar year, whichever is appropriate, if the secretary determines that the implementation of the rules is likely to cause no comparative disadvantage for state producers of the agricultural commodity involved.

Sec. 5. NEW SECTION. 185D.4 VETO BY GENERAL ASSEMBLY OR PRODUCERS.

The supply management or orderly marketing rules authorized in section 185D.3, subsection 3, shall be adopted thirty days after being announced by the secretary unless within the thirty-day period both houses of the general assembly, in regular or special session, adopt, by an affirmative vote in each house, a resolution stating in substance that the two houses do not favor the rules, in which case the rules shall be withdrawn by the secretary, or unless at least twenty-five percent of the state's producers of the agricultural commodity involved petition the secretary for a referendum on the rules.

Not later than thirty days after receipt and validation of a petition the secretary shall authorize a referendum to be conducted by secret ballot. Any state producer of the agricultural commodity involved is eligible to vote in the referendum. If a majority of the producers voting in the referendum vote against the rules, they shall be withdrawn by the secretary and the minimum price for the agricultural commodity involved shall not be applicable for the year during which the rules would have been in force.

Sec. 6. NEW SECTION. 185D.5 ENFORCEMENT.

1. The secretary shall monitor commodity transactions. If the secretary has reasonable cause to believe that an ongoing violation of this chapter is occurring or that a violation may occur, and upon notification to the party involved, the secretary shall issue an order to restrain the violation, which shall remain in effect for ten working days during which time the secretary shall seek a permanent restraining order in a court of proper jurisdiction.

2. Within sixty days of a reported violation of this chapter, the secretary shall initiate proceedings to determine if a violation has occurred. If a violation has occurred, the secretary may negotiate a settlement with the offending party, including payment of a penalty in an amount not less than the difference between the lower price and the established minimum price for the agricultural commodity involved in the case, in addition to the fine in section 185D.7. If an agricultural commodity was purchased for less than the minimum price and if a settlement cannot be reached within sixty days, the attorney general shall take other appropriate legal action.

Sec. 7. NEW SECTION. 185D.6 EXEMPT TRANSACTIONS.

This chapter does not apply to a producer who sells an agricultural commodity directly to a consumer or processor outside of the state, or to a person who sells an agricultural commodity for use as seed.

Sec. 8. NEW SECTION. 185D.7 PENALTIES.

A person shall not sell to another and a person shall not purchase from another an agricultural commodity for less than the minimum price most recently set by the secretary. A violation of this chapter is a serious misdemeanor punishable by imprisonment not to exceed one year or a fine not to exceed ten thousand dollars or both.

Sec. 9. NEW SECTION. 185D.8 FEES TO DEFRAY ADMINISTRATIVE COSTS.

1. For the purpose of providing funds to defray the expenses incurred by the secretary in administering this

chapter, the secretary shall establish a checkoff fee in an amount equal to one tenth of one percent of the sale price at the first point of sale of the agricultural commodity for which a minimum price is in effect.

2. The secretary shall establish the procedure for the timely payment of the checkoff fee by the producer and publish legal notice of the procedure not later than ninety days after enactment of this Act. The procedure shall also be clearly outlined in the notice of the establishment of any minimum price published by the secretary under section 185D.2, subsection 6. The procedure must be fair and reasonable and the checkoff fee shall be deducted by the first purchaser at the time of sale. The first purchaser shall submit to the secretary any checkoff fees so deducted once every thirty days in accordance with the procedure established by the secretary.

3. All moneys collected as fees shall be paid into the state treasury and then credited to the minimum price fund of the secretary, which fund is created as a special fund within the general fund of the state and annually appropriated to carry out the purposes of this chapter. Interest, if any, received on deposits of these moneys shall be credited to the fund, and there shall be paid into this fund any sum provided by the general assembly for the purpose of carrying out this chapter.

4. In any year during which moneys credited to the minimum price fund exceed projected administrative costs by two million dollars, the secretary shall discontinue checkoff fees the following year and thereafter until the moneys credited to the minimum price fund fall below five hundred thousand dollars, at which time the secretary shall give notice that the checkoff fees shall be reestablished the following year.

Sec. 10. It is the intent of the general assembly that this Act shall remain in effect for five years, and that chapter 185D is repealed July 1, 1990, unless upon that date a sufficient number of states, which produce at least sixty

percent of the previous year's United States production of a commodity, have also established a minimum price for the same commodity.

ROBERT T. ANDERSON
President of the Senate

DONALD D. AVENSON
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 32, Seventy-first General Assembly.

K. MARIE THAYER
Secretary of the Senate

Approved _____, 1985

TERRY E. BRANSTAD
Governor