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*Withdrawn from
further consideration
4-12-89 (p. 1370)*

SENATE FILE 468
BY COMMITTEE ON AGRICULTURE

(SUCCESSOR TO LSB 2614SC)

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

A BILL FOR

1 An Act relating to the powers and duties of the Iowa corn
 2 promotion board.
 3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
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SF 468

1 Section 1. Section 185C.1, subsection 2, Code 1989, is
2 amended to read as follows:

3 2. "Promotional order" means an order administered
4 pursuant to this chapter which establishes a program for the
5 promotion, research, and market development of corn and
6 provides for an a state assessment to finance the program.

7 Sec. 2. Section 185C.1, subsection 10, Code 1989, is
8 amended to read as follows:

9 10. "Assessment" means ~~an excise tax on each bushel of~~
10 ~~corn marketed in this state as provided in this chapter a~~
11 state or federal assessment.

12 Sec. 3. Section 185C.1, Code 1989, is amended by adding
13 the following new subsections:

14 NEW SUBSECTION. 13. "State assessment" means a state
15 excise tax on each bushel of corn marketed in this state which
16 is imposed for purposes related to market development.

17 NEW SUBSECTION. 14. "Federal assessment" means a federal
18 excise tax or other charge which is imposed for purposes
19 related to market development.

20 Sec. 4. Section 185C.7, Code 1989, is amended by adding
21 the following new unnumbered paragraph:

22 NEW UNNUMBERED PARAGRAPH. If the board is reconstituted
23 pursuant to section 185C.8, the terms of the directors shall
24 be controlled by this section. However, the initial terms of
25 the reconstituted board shall be staggered. To the extent
26 practicable, one-third of the elected directors shall serve an
27 initial term of one year, one-third of the elected directors
28 shall serve an initial term of two years, and one-third of the
29 elected directors shall serve an initial term of three years.
30 The terms shall be determined by board members drawing lots.
31 The board elected under this paragraph shall not contain two
32 directors from the same district serving the same term.

33 Sec. 5. Section 185C.8, Code 1989, is amended by adding
34 the following new unnumbered paragraph:

35 NEW UNNUMBERED PARAGRAPH. Following suspension of the

1 board as provided in section 185C.24, the secretary shall
2 order the reconstitution of the board. An election of
3 directors shall be held within thirty days from the date of
4 the order. The secretary shall call for, provide for notice
5 of, conduct, and certify the results of the election in a
6 manner consistent with section 185C.5 through 185C.7.
7 Directors shall serve terms as provided in section 185C.7.
8 Rules or procedures adopted by the board and in effect at the
9 date of suspension shall continue in effect upon
10 reconstitution of the board. The Iowa corn growers
11 association may nominate two resident producers as candidates
12 for each director position. Additional candidates may be
13 nominated by a written petition of at least twenty-five
14 producers.

15 Sec. 6. Section 185C.13, Code 1989, is amended by adding
16 the following new subsection:

17 NEW SUBSECTION. 5. To the extent provided by federal law,
18 be responsible for collection of receipts from the federal
19 assessment, and for expenditure of proceeds from the federal
20 assessment.

21 Sec. 7. Section 185C.15, Code 1989, is amended to read as
22 follows:

23 185C.15 TERM OF PROMOTIONAL ORDER.

24 A promotional order shall be effective for four years from
25 its effective date. Upon the date that order is due to expire
26 the order shall automatically be extended for an additional
27 four years from the date that the order or last extension
28 would otherwise expire, except as provided in section 185C.24.

29 Sec. 8. Section 185C.16, Code 1989, is amended to read as
30 follows:

31 185C.16 NOTICE OF REFERENDUM.

32 Notice of a referendum election to initiate or extend
33 terminate a promotional order shall be given by publication in
34 a newspaper of general circulation in this state at least ten
35 days prior to the date of the referendum and in any other

1 reasonable manner as may be determined by the secretary for
2 the initial referendum and by the board for extension of the
3 promotional order.

4 Sec. 9. Section 185C.21, Code 1989, is amended to read as
5 follows:

6 185C.21 STATE ASSESSMENT.

7 1. The board shall set the state assessment rate.

8 Assessments State assessments collected pursuant to the
9 promotional order shall be paid into the corn promotion fund
10 established in section 185C.26. An Except as provided in
11 subsection 2, a state assessment shall not exceed one-quarter
12 of one cent per bushel upon corn marketed in this state. The
13 rate of the state assessment shall be determined by the board
14 but shall not be changed, once established, during a marketing
15 year. However, a board which has been reconstituted pursuant
16 to section 185C.8, may change the rate of the state assessment
17 in the marketing year in which the board is reconstituted.

18 2. Upon request of the board, the secretary shall call a
19 special referendum for producers to vote on whether to
20 authorize an increase in the state assessment above one-
300-21 quarter of one percent per bushel, notwithstanding subsection
22 1. The special referendum shall be conducted as provided in
23 this chapter for referendum elections. However, the special
24 referendum shall not affect the existence or length of the
25 promotional order in effect. If a majority of the producers
26 voting in the special referendum approve the increase, the
27 board, at the end of the marketing year, may increase the
28 assessment to the amount approved in the special referendum.
29 However a state assessment shall not exceed one-half of one
30 cent per bushel of corn marketed in this state.

31 Sec. 10. Section 185C.22, Code 1989, is amended to read as
32 follows:

33 185C.22 STATE ASSESSMENT ON PURCHASE INVOICE.

34 After a promotional order has been issued, the first
35 purchaser at the time of payment for corn shall show the total

1 amount of state assessment deducted from the sale on the
2 purchase invoice.

3 Sec. 11. Section 185C.23, Code 1989, is amended to read as
4 follows:

5 185C.23 DEDUCTION OF STATE ASSESSMENT.

6 The state assessment shall be deducted from the purchase
7 price of corn at the time of sale, and forwarded to the board
8 by the first purchaser in the manner and at intervals
9 determined by the board.

10 Sec. 12. Section 185C.24, Code 1989, is amended by
11 striking the section and inserting in lieu thereof the
12 following:

13 185C.24 CANCELLATION AND SUSPENSION.

14 1. The board shall be suspended and board operations and
15 terms of members shall cease upon either of the following
16 events:

17 a. The state assessment is terminated pursuant to section
18 185C.25.

19 b. The state assessment is suspended pursuant to section
20 185C.25A.

21 2. However, notwithstanding subsection 1, the board shall
22 continue to operate until proceeds remaining in the corn
23 promotion fund are disbursed. Disbursement shall be made as
24 provided for payment of moneys under section 185C.26.

3600-25 3. The secretary shall order that the board be
26 reconstituted upon either of the following events as provided
27 under section 185C.25:

28 a. Recommencement of the promotional order, pursuant to
29 section 185C.25.

30 b. Termination of the promotional orders' suspension,
31 pursuant to section 185C.25A.

32 4. Until the board is reconstituted under section 185C.8,
33 the secretary has the powers to perform the duties of the
34 board as provided in this chapter, including the collection of
35 the state assessment at the rate in effect on the date when

1 collection of the state assessment was terminated pursuant to
2 section 185C.25. However, the secretary shall not expend
3 funds from state assessment.

4 Sec. 13. Section 185C.25, Code 1989, is amended to read as
5 follows:

6 185C.25 ~~ASSESSMENT-NUBBIFIED~~ EFFECTIVE PERIOD OF
7 PROMOTIONAL ORDER.

8 1. An A state assessment adopted upon the initiation of a
9 promotional order shall be of collected during the effective
10 period of the order, and shall have no force or effect upon
11 termination of the promotional order. At least sixty days but
12 not more than one hundred eighty days prior to the termination
13 date of a promotional order, the secretary shall cause notice
14 to be published in accordance with section 185C.16, and a
15 referendum on the question of whether a promotional order
16 shall be extended for an additional four year period shall be
17 conducted. If the secretary finds that a majority of the
18 total number of producers voting favor the promotional order,
19 then the order shall continue to be in effect for an
20 additional four year period. If a referendum should fail,
21 another referendum shall not be held within one hundred eighty
22 days. Upon adoption or extension of the promotional order,
23 the order shall be effective for the period described in
24 section 185C.15 unless the order is terminated as provided in
25 this section or suspended as provided in section 185C.25A.

26 2. The secretary shall call a referendum to terminate the
27 promotional order if all the following conditions are met:

28 a. The secretary receives a petition signed by at least
29 five percent of the state's producers reported in the most
30 recent United States census of agriculture.

31 b. The petition is signed by at least five percent of the
32 state's producers residing in each of five districts according
33 to the most recent United States census of agriculture.

34 c. The secretary receives the petition not less than one
35 hundred fifty days from the date that the order is due to

1 expire, but receives the petition not more than two hundred
2 forty days before the date that the order is due to expire.

3 3. The secretary shall conduct the election as provided
4 for a referendum under this chapter, including sections
5 185C.16 through 185C.20. If upon counting and tabulating the
6 ballots, the secretary determines that a majority of voting
7 producers favor termination of the state assessment, the
8 secretary, in cooperation with the board, shall terminate the
9 state assessment in an orderly manner as soon as practicable.

300 10 4. If the assessment is terminated, another referendum
11 shall not be held for at least one hundred eighty days from
12 the date that the assessment is terminated. A succeeding
13 referendum shall be called by the secretary upon petition of
14 at least five hundred producers requesting a referendum. The
15 petitioners shall guarantee the costs of the referendum. The
16 secretary shall conduct the referendum not later than one
17 hundred fifty days after the secretary receives the petition.
18 If a referendum held pursuant to this section is approved by
19 producers, the promotional order shall commence no later than
20 two hundred ten days following the date that the petition is
21 received by the secretary.

22 Sec. 14. NEW SECTION. 185C.25A COLLECTION OF FEDERAL
23 ASSESSMENT.

300 24 Prior to the collection of the federal assessment, the
25 board may seek to continue collecting the state assessment
26 during the collection of the federal assessment. If the
27 collection of the state assessment would be in addition to,
28 and not an offset against, the collection of the federal
29 assessment, the board shall suspend the collection of the
30 state assessment. On the date of the termination or
31 suspension of the federal assessment, the promotional order
32 shall become effective and the suspension of the state
33 assessment shall terminate.

34 Sec. 15. Section 185C.26, Code 1989, is amended to read as
35 follows:

1 185C.26 DEPOSIT OF FUNDS.

300-2 Assessments State assessments collected by the board from a
3 sale of corn shall be deposited in a state assessment account
4 in the office of the treasurer of state together with any
5 gifts, or any federal or state grant as may be received by the
6 board, and placed in a special fund to be known as the corn
7 promotion fund. Moneys collected shall be subject to audit by
8 the auditor of state. From moneys collected, the board shall
9 first pay all the direct and indirect costs incurred by the
10 secretary and the costs of referendums, elections, and other
11 expenses incurred in the administration of this chapter, and
12 thereafter moneys may be expended for the purpose of market
13 development. The fund shall be subject at all times to
14 warrants by the director of revenue and finance, drawn upon
15 the written requisition of the chairperson of the board and
16 attested to by the secretary of the board.

17 Sec. 16. Section 185C.27, Code 1989, is amended to read as
18 follows:

300-19 185C.27 REFUND OF STATE ASSESSMENT.

20 A producer who has sold corn and had an a state assessment
21 deducted from the sale price may, by application in writing to
22 the board, may secure a refund in the amount deducted. The
23 refund shall be payable only when the application shall have
24 been made to the board within sixty days after the deduction.
25 Application forms shall be given by the board to each first
26 purchaser when requested and the first purchaser shall make
27 the applications available to any producer. Each application
28 for refund by a producer shall have attached thereto to the
29 application proof of the assessment deducted. The proof of
30 assessment may be in the form of a duplicate or certified copy
31 of the purchase invoice by the first purchaser. The board
32 shall have thirty days from the date the application for
33 refund is received to remit the refund to the producer. The
34 board may provide for refunds of a federal assessment as
35 provided by federal law. Unless inconsistent with federal

3400-1 law, refunds shall be made under section 185C.27.

2 Sec. 17. Section 185C.28, Code 1989, is amended to read as
3 follows:

4 185C.28 APPROPRIATION.

5 ~~All-moneys~~ Moneys deposited in the corn promotion fund,
6 including federal moneys to the extent permitted by federal
7 law, are appropriated for the administration of this chapter
8 and for the payment of claims based upon obligations incurred
9 in the performance of activities and functions set forth in
10 this chapter.

11 Sec. 18. Section 185C.29, Code 1989, is amended to read as
12 follows:

13 185C.29 REMISSION OF EXCESS FUNDS.

14 After the costs of elections, referendum, necessary board
15 expenses, and administrative costs have been paid, at least
16 seventy-five percent of the remaining funds from state
17 assessments in the corn promotion fund shall be allocated to
18 organizations selected by the corn promotion board on the
19 basis of their ability to carry out the purposes of this
20 chapter. The funds can only be used for research, promotion,
21 and education in co-operation with agencies ~~who~~ are equipped
22 ~~to do this kind of work~~ perform these activities.

23 The Iowa corn promotion board shall not ~~engage in~~ expend
24 any funds on political activity, and it shall be a condition
25 of any allocation of funds that any organization receiving
26 funds shall not expend the funds on political activity or on
27 any attempt to influence legislation.

28 Sec. 19. Section 185C.32, Code 1989, is amended to read as
29 follows:

30 185C.32 FIRST PURCHASER INFORMATION.

31 Every first purchaser shall upon request furnish the
32 secretary with such information as is necessary to enable the
33 secretary and the board to carry out the provisions of this
34 chapter. Such information shall be provided as prescribed by
35 the secretary. The secretary may examine any records relating

1 to the purchase or the state assessment of corn by any first
2 purchaser. The secretary may hold hearings, take testimony,
3 administer oaths, subpoena witnesses, and issue subpoenas as
4 may be necessary for the proper administration of this
5 chapter. When requested by the board, the secretary shall
6 employ these powers in the manner requested.

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7 EXPLANATION

8 This bill provides for the state and federal assessment of
9 corn for purposes of corn promotion. To the extent provided
10 by federal law, the board may collect receipts from any future
11 federal assessment. The board may continue state assessments
12 and extend a promotional order without referendum. The bill
13 provides for termination of the assessment upon petition and
14 referendum. The board may call a referendum to increase the
15 state assessment up to one-half cent per bushel. The board
16 suspends its operations upon termination or suspension of the
17 state assessment. The bill provides for the board's
18 reconstitution if the state assessment is reinstated. The
19 board must suspend collection of the state assessment and
20 cease operations if a future federal assessment cannot offset
21 the state assessment. The bill provides for the deposit of
22 proceeds collected from the federal assessment.

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SENATE FILE 468

S-3600

1 Amend Senate File 468 as follows:
2 1. Page 1, line 35, by striking the words
3 "suspension of the" and inserting the following:
4 "recommencement of the promotional order, or
5 termination of the promotional order's suspension".
6 2. Page 2, line 1, by striking the word "board".
7 3. Page 3, line 21, by striking the word
8 "percent" and inserting the following: "cent".
9 4. Page 4, lines 26 and 27, by striking the words
10 "events as provided under section 185C.25:" and
11 inserting the following: "events:".
12 5. Page 6, line 13, by inserting after the word
13 "referendum" the following: "to restore the
14 assessment".
15 6. Page 6, line 15, by inserting before the word
16 "referendum" the following: "succeeding".
17 7. Page 6, line 16, by striking the word
18 "referendum" and inserting the following: "election
19 as provided for a referendum under this chapter".
20 8. Page 6, line 18, by striking the word
21 "section" and inserting the following: "subsection".
22 9. Page 6, line 25, by striking the words "seek
23 to continue collecting" and inserting the following:
24 "approve the continued collection of".
25 10. Page 6, line 32, by striking the words
26 "become effective" and inserting the following:
27 "recommence".
28 11. Page 7, lines 3 and 4, by striking the words
29 "a state assessment account in".
30 12. Page 7, line 19, by striking the word
31 "STATE".
32 13. Page 8, line 1, by striking the figure
33 "185C.27" and inserting the following: "185C.26".
34 14. Page 9, by inserting after line 6, the
35 following:
36 "Sec. 20. Section 185C.33, Code 1989, is amended
37 to read as follows:
38 185C.33 ANNUAL REPORT.
39 The board shall make an annual report, containing a
40 financial statement, to the secretary and the
41 chairpersons of the committees on agriculture of the
42 senate and house of representatives, on or before
43 December 1 of each year, showing all income and
44 expenses, including board expenses, and other relevant
45 information concerning assessments collected and
46 expended under the-provisions-of this chapter."

By KENNETH SCOTT

S-3600 FILED APRIL 7, 1989

Adopted 4-12-89 (p.1369)