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SENATE FILE 167

BY CONNOLLY, RITTMER, FLYNN,
BLACK of Jasper, and LUNDBY

(COMPANION TO HF 150 BY WITT)

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

A BILL FOR

1 An Act relating to the protection of blufflands by creating a
2 blufflands protection revolving fund, by empowering the soil
3 conservation division of the department of agriculture and
4 land stewardship to establish a blufflands protection program,
5 by making an appropriation for the provision of loans to
6 certain nonprofit conservation organizations, and by providing
7 for other properly related matters.

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

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S.F. 167

1 Section 1. NEW SECTION. 161A.80 BLUFFLANDS PROTECTION
2 PROGRAM -- REVOLVING FUND.

3 1. As used in this section, unless the context otherwise
4 requires:

5 a. "Bluffland" means a cliff, headland, or hill with a
6 broad steep face along the channel or floodplain of a river
7 and its tributaries.

8 b. "Conservation organization" means a nonprofit
9 corporation incorporated in Iowa or an entity organized and
10 operated primarily to enhance and protect natural resources in
11 this state.

12 2. A blufflands protection revolving fund is created in
13 the state treasury. The proceeds of the revolving fund are
14 appropriated to make loans to conservation organizations which
15 agree to purchase conservation easements on blufflands along
16 the Mississippi river or to purchase blufflands along the
17 Mississippi river for resale with restrictive covenants
18 attached to the property. The administrative director of the
19 division of soil conservation shall administer the revolving
20 fund. Notwithstanding section 12C.7, interest or earnings on
21 investments made pursuant to this section or as provided in
22 section 12B.10 shall be credited to the blufflands protection
23 revolving fund. Notwithstanding section 8.33, unobligated or
24 unencumbered funds credited to the blufflands protection
25 revolving fund shall not revert at the close of a fiscal year.
26 However, the maximum balance in the blufflands protection fund
27 shall not exceed two million five hundred thousand dollars.
28 Any funds in excess of two million five hundred thousand
29 dollars shall be credited to the general fund of the state.

30 3. The administrative director of the division shall
31 establish a blufflands protection program to demonstrate
32 creative land protection techniques and encourage private
33 landowners to protect the natural beauty of the blufflands
34 along the Mississippi river. The commissioners of each soil
35 and water conservation district which has a boundary which is

1 coterminous with the Mississippi river shall cooperate with
2 and assist the director in administering the blufflands
3 protection program within their respective districts. The
4 director shall provide, by rule, for a uniform application
5 form, the content of the form, provisions for a loan agreement
6 model conservation easement and restrictive covenant
7 requirements for blufflands, and minimum qualifications of
8 conservation organizations which are eligible to participate
9 in the blufflands protection program. The administrative
10 director shall specify the eligible purposes for which a loan
11 authorized under this section can be expended including, but
12 not limited to, the purchase of blufflands, the acquisition of
13 conservation easements on blufflands, the establishment of
14 landowner associations, payment for loss of land value due to
15 restrictive covenants, and payment for administrative and
16 legal costs.

17 4. An applicant for a loan from the blufflands protection
18 revolving fund shall apply to the soil and water conservation
19 district of the county in which the bluffland is located. The
20 application shall be on forms prepared by the division and
21 shall include the information required by rule of the
22 division. Each conservation organization which applies for a
23 loan under this section shall demonstrate its financial
24 capability to qualify for a loan to the commissioners and its
25 commitment to natural resource protection and appropriate
26 development. If there is a loss of value of a blufflands
27 protection project funded under this section resulting from
28 restrictive covenants, the conservation organization shall be
29 forgiven seventy-five percent of the amount of the loss not
30 exceeding the amount of the loan. If a loan is used to
31 purchase a conservation easement on a blufflands protection
32 project, the conservation organization shall be forgiven
33 seventy-five percent of the loan. The application shall be
34 reviewed and feasibility of the proposed project shall be
35 investigated by the commissioners of the district and its

1 report and recommendation shall be sent to the administrative
2 director and the committee for approval.

3 5. Except as otherwise provided in this subsection, each
4 loan made under this section shall be for a period not to
5 exceed five years, shall bear no interest for the first year,
6 and shall be repayable to the blufflands protection revolving
7 fund. After the first year and for each subsequent year that
8 the principal remains unpaid, interest shall be charged
9 against any unpaid balance of the loan. The interest rate
10 shall be set at the prevailing market rate for similar real
11 estate in the county as determined by the director. All
12 interest payments shall be credited to the blufflands
13 protection revolving fund. Each loan shall be repaid as
14 provided in the loan agreement. However, interest on the
15 principal of a loan shall be due and payable thirty days after
16 the conclusion of the second year and each subsequent year
17 that the principal or a part of the principal remains unpaid.
18 A loan may be extended annually beyond the original five years
19 with the approval of the district commissioners and the
20 administrative director.

21 6. The administrative director may:

22 a. Contract, sue and be sued, and adopt administrative
23 rules pursuant to chapter 17A and approved by the committee,
24 necessary to carry out this section, but the administrative
25 director, the committee, or the district commissioners shall
26 not directly or indirectly pledge the credit of the state of
27 Iowa.

28 b. Authorize payment from the blufflands protection
29 revolving fund from moneys received under section 99F.11,
30 subsection 4, and from any income received by investments of
31 any money in the fund for costs, commissions, attorney fees,
32 and other reasonable expenses related to and necessary for the
33 making and protecting of direct loans under this section, and
34 for recovery of moneys loaned or the management of property
35 acquired in connection with the loans.

1 7. This section is repealed on July 1, 2017.

2 Sec. 2. Section 99F.11, subsection 4, Code 1997, is
3 amended to read as follows:

4 4. The remaining amount of the adjusted gross receipts tax
5 shall be credited to the general fund of the state. However,
6 of the remaining amount of adjusted gross receipts tax
7 available under this subsection, and notwithstanding
8 provisions to the contrary in section 8.57, for the fiscal
9 period beginning July 1, 1997, and ending June 30, 2017, the
10 first one million dollars collected each fiscal year shall be
11 credited to the blufflands protection revolving fund.

12 Sec. 3. OUTSTANDING BLUFFLANDS PROTECTION LOANS. The
13 principal and interest from any blufflands protection loans
14 outstanding on July 1, 2017, and payable to the blufflands
15 protection revolving fund, shall be paid to the administrative
16 director of the division of soil conservation on or after July
17 1, 2017, pursuant to the terms of the loan agreement and shall
18 be credited to the general fund of the state.

19 EXPLANATION

20 This bill creates a blufflands protection revolving fund in
21 the state treasury to be used to make loans to nonprofit
22 conservation organizations which are interested in preserving
23 blufflands along the Mississippi river. The administrative
24 director of the division of soil conservation of the
25 department of agriculture and land stewardship is directed to
26 establish a blufflands protection program to be administered
27 by the director and the commissioners of the soil and water
28 conservation districts which are coterminous with the
29 Mississippi river. The program will offer loans to
30 conservation organizations which wish to purchase blufflands
31 for the purpose of development and resale with appropriate
32 restrictive covenants or the purchase of conservation
33 easements. The conservation organization shall be forgiven 75
34 percent of any loss of property value incurred due to
35 restrictive covenants or 75 percent of the cost of a

1 conservation easement.

2 The loans are without interest for the first year and at
3 the prevailing interest rate for similar real estate for each
4 year thereafter. The loans are to be repaid in five years,
5 but annual extensions are authorized. Repayment plans are
6 subject to contractual agreements, but annual interest
7 payments are required at a minimum after the second year of a
8 loan. All principal and interest payments or earnings are to
9 be credited to the revolving fund.

10 The loan program is funded by crediting \$1 million each
11 year from the remaining amount of the adjusted gross receipts
12 tax from excursion boat gambling operations which would
13 otherwise be credited to the state general fund or the
14 infrastructure fund. The maximum balance in the blufflands
15 protection revolving fund is set at \$2.5 million.

16 The blufflands protection program is repealed as of July 1,
17 2017.

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**SENATE FILE 167
FISCAL NOTE**

A fiscal note for Senate File 167 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

Senate File 167 establishes a Blufflands Protection Program which would be administered by the Administrative Director of the Division of Soil Conservation in the Department of Agriculture and Land Stewardship (IDALS) and the Commissioners of the Soil and Water Conservation Districts.

ASSUMPTIONS

The Blufflands Protection Program would offer loans to conservation organizations to purchase blufflands for the purpose of development and resale with appropriate restrictive covenants, or the purchase of conservation easements. An applicant would apply to the soil and water conservation district office of the county in which the Blufflands is located. These loans are interest-free for one year, and subject to market interest rates for similar real estate thereafter. The loans are to be repaid in five years according to the contractual agreements, but interest payments are required after the second year of the loan. All principal and interest payments are credited to the Blufflands Protection Revolving Fund.

FISCAL IMPACT

The Blufflands Protection Program is funded by crediting \$1.0 million each year from the adjusted gross receipts tax from excursion boat gambling operations to the Blufflands Protection Revolving Fund. The maximum balance in the Blufflands Protection Revolving Fund would be \$2.5 million.

SOURCES

Department of Agriculture and Land Stewardship

(LSB 1164ss, DFK)

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BY DENNIS PROUTY, FISCAL DIRECTOR