

Zieman  
Baku  
Shearer  
Hynn  
Rittner

SSB-1097  
Small Business  
Economic Develop & Tourism  
Succeeded By  
SENATE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON SMALL  
BUSINESS, ECONOMIC DEVELOPMENT  
AND TOURISM BILL BY CHAIR-  
PERSON LUNDBY)

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

**A BILL FOR**

1 An Act providing for investments by banks and certain insurance  
2 companies in Iowa agricultural industry finance corporations.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Section 12C.6A, subsection 4, paragraph g, Code  
2 1999, is amended to read as follows:

3 g. Participation in local community and rural development  
4 and redevelopment projects, and in state and federal business  
5 and economic development programs, including investment in an  
6 Iowa agricultural industry finance corporation formed under  
7 the Iowa agricultural industry finance Act pursuant to chapter  
8 15E.

9 Sec. 2. Section 515.35, subsection 4, Code 1999, is  
10 amended by adding the following new paragraph and relettering  
11 subsequent paragraphs:

12 NEW PARAGRAPH. n. IOWA AGRICULTURAL INDUSTRY FINANCE  
13 CORPORATIONS. A company organized under this chapter may  
14 invest in an Iowa agricultural industry finance corporation by  
15 holding the shares or equity interests in or the corporate  
16 debt of an Iowa agricultural industry finance corporation. A  
17 company's investment in an Iowa agricultural industry finance  
18 corporation shall not be subject to the five percent aggregate  
19 investment limitation on below investment grade bonds as  
20 otherwise required in this subsection. However, a company  
21 shall not invest more than five percent of its capital and  
22 surplus in any number of Iowa agricultural industry finance  
23 corporations. For purposes of this paragraph, the bond of an  
24 Iowa agricultural industry finance corporation or the shares  
25 or equity interest of an Iowa agricultural industry finance  
26 corporation shall be valued as provided in subsection 1.

27 EXPLANATION

28 In 1998, the general assembly enacted Senate File 2415  
29 (1998 Iowa Acts, ch. 1207) which allowed the formation of  
30 agricultural industry finance corporations for the purpose of  
31 encouraging local agricultural producer-led ventures to expand  
32 production and processing of high value agricultural products.  
33 This bill amends provisions relating to investments made by  
34 banks and certain insurance companies.

35 Code section 12C.6A requires that public funds of the state

1 be deposited in a financial institution which demonstrates a  
 2 commitment to serve the needs of the local community in which  
 3 it is chartered to do business. This required commitment may  
 4 be demonstrated by participation in local community and rural  
 5 development and redevelopment projects, and in state and  
 6 federal business and economic development programs. This bill  
 7 provides that the bank's participation may include investment  
 8 in an Iowa agricultural industry finance corporation.

9 Code section 515.35 limits the types of investments that  
 10 property and casualty insurance companies may hold. The bill  
 11 provides that such an insurance company may invest in an Iowa  
 12 agricultural industry finance corporation by holding shares or  
 13 equity interests in or the corporate debt of the corporation.  
 14 The bill does not restrict a company from investing in below  
 15 investment grade bonds. The bill provides that a company  
 16 cannot invest more than 5 percent of its capital and surplus  
 17 in any number of Iowa agricultural industry finance  
 18 corporations.

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REPRINTED

FILED MAR 3 1999

SENATE FILE

280

BY COMMITTEE ON SMALL BUSINESS,  
ECONOMIC DEVELOPMENT AND TOURISM

(SUCCESSOR TO SSB 1097)

Passed Senate, Date 3-17-99 (p.657) Passed House, Date 4/14/99 (p.1303)  
Vote: Ayes 49 Nays 0 Vote: Ayes 91 Nays 3  
Approved April 23, 1999

A BILL FOR

1 An Act providing for investments by banks and certain insurance  
2 companies in Iowa agricultural industry finance corporations.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
4

SENATE FILE 280

S-3084

- 1 Amend Senate File 280 as follows:
- 2 1. Page 1, by striking lines 9 through 26.
- 3 2. Title page, lines 1 and 2, by striking the
- 4 words "and certain insurance companies".

By TOM FLYNN

S-3084 FILED MARCH 17, 1999

ADOPTED (p.656)

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SF 280

1 Section 1. Section 12C.6A, subsection 4, paragraph g, Code  
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34 banks and certain insurance companies.

35 Code section 12C.6A requires that public funds of the state

1 be deposited in a financial institution which demonstrates a  
 2 commitment to serve the needs of the local community in which  
 3 it is chartered to do business. This required commitment may  
 4 be demonstrated by participation in local community and rural  
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 6 federal business and economic development programs. This bill  
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 15 investment grade bonds. The bill provides that a company  
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 18 corporations.

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H-3/19/99 Econ. Dev.  
H-4/1/99 Do Pass

SENATE FILE 280  
BY COMMITTEE ON SMALL BUSINESS,  
ECONOMIC DEVELOPMENT AND TOURISM

(SUCCESSOR TO SSB 1097)

(AS AMENDED AND PASSED BY THE SENATE MARCH 17, 1999)

\* - Language Stricken by the Senate

Passed Senate, Date \_\_\_\_\_ Passed House, Date 4/14/99  
(P. 1305)  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes 91 Nays 3  
Approved April 23, 1999

A BILL FOR

\* 1 An Act providing for investments by banks in Iowa agricultural  
2 industry finance corporations.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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S.F. 280

1 Section 1. Section 12C.6A, subsection 4, paragraph g, Code  
2 1999, is amended to read as follows:

3 g. Participation in local community and rural development  
4 and redevelopment projects, and in state and federal business  
5 and economic development programs, including investment in an  
6 Iowa agricultural industry finance corporation formed under  
7 the Iowa agricultural industry finance Act pursuant to chapter  
8 15E.

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## SENATE FILE 280

H-1520

1 Amend Senate File 280, as amended, passed, and  
2 reprinted by the Senate, as follows:

3 1. Page 1, by inserting after line 8 the  
4 following:

5 "Sec. \_\_\_\_\_. Section 15E.193, subsection 1,  
6 unnumbered paragraph 1, Code 1999, is amended to read  
7 as follows:

8 A business which is or will be located in an  
9 enterprise zone is eligible to receive incentives and  
10 assistance under this division if the business has not  
11 closed or reduced its operation in one an area of the  
12 state outside the boundaries of the enterprise zone  
13 and relocated substantially the same operation into  
14 within the boundaries of the enterprise zone and if  
15 the business meets all of the following:

16 Sec. \_\_\_\_\_. Section 15E.193A, subsection 1,  
17 unnumbered paragraph 1, Code 1999, is amended to read  
18 as follows:

19 A business which is not located in an enterprise  
20 zone is eligible to receive incentives and assistance  
21 under section 15E.196 if the business has not closed  
22 or reduced its operation in one an area of the state  
23 outside the boundaries of location which qualifies the  
24 business under this section and relocated  
25 substantially the same operation in a location which  
26 qualifies the business under this section and if the  
27 business meets all of the following criteria:

28 Sec. \_\_\_\_\_. Section 15E.193A, subsection 2, Code  
29 1999, is amended to read as follows:

30 2. After approval of a project by ordinance or  
31 resolution, the city shall submit an application for  
32 incentives and assistance to the department of  
33 economic development. As part of the application, the  
34 city shall submit information relating the  
35 requirements listed in subsection 1 and in section  
36 15E.193, subsection 2. The department Iowa economic  
37 development board may approve, defer, or deny the  
38 application.

39 Sec. \_\_\_\_\_. Section 15E.193B, subsection 6,  
40 unnumbered paragraph 1, Code 1999, is amended to read  
41 as follows:

42 An eligible housing business which has been  
43 approved to receive incentives and assistance by the  
44 department-of Iowa economic development board pursuant  
45 to application as provided in section 15E.195 shall  
46 receive all of the following incentives and assistance  
47 for a period not to exceed ten years:

48 Sec. \_\_\_\_\_. Section 15E.195, subsections 4 and 5,  
49 Code 1999, are amended to read as follows:

50 4. If the enterprise zone commission determines

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1 that a business qualifies and is eligible to receive  
2 incentives or assistance as provided in either section  
3 15E.193B or section 15E.196, the commission shall  
4 submit an application for incentives or assistance to  
5 the department of economic development. The  
6 department final decision concerning an application  
7 for incentives or assistance rests solely with the  
8 Iowa economic development board. The board may  
9 approve, defer, or deny the an application.

10 5. In making its decision, the commission or  
11 department the Iowa economic development board shall  
12 consider the impact of the eligible business on other  
13 businesses in competition with it and compare the  
14 compensation package of businesses in competition with  
15 the business being considered for incentives or  
16 assistance. The commission or department board shall  
17 make a good faith effort to identify existing Iowa  
18 businesses within an industry in competition with the  
19 business being considered for incentives or  
20 assistance. The commission or department board shall  
21 also make a good faith effort to determine the  
22 probability that the proposed incentives or assistance  
23 will displace employees of existing businesses. In  
24 determining the impact on businesses in competition  
25 with the business seeking incentives or assistance,  
26 jobs created as a result of other jobs being displaced  
27 elsewhere in the state shall not be considered direct  
28 jobs created.

29 However, if the commission or department board  
30 finds that an eligible business has a record of  
31 violations of the law, including but not limited to  
32 environmental and worker safety statutes, rules, and  
33 regulations, over a period of time that tends to show  
34 a consistent pattern, the eligible business shall not  
35 qualify for incentives or assistance under section  
36 15E.193B or section 15E.196, unless the commission or  
37 department board finds that the violations did not  
38 seriously affect public health or safety or the  
39 environment, or if it did that there were mitigating  
40 circumstances. In making the findings and  
41 determinations regarding violations, mitigating  
42 circumstances, and whether an eligible business is  
43 eligible for incentives or assistance under section  
44 15E.193B or section 15E.196, the commission or  
45 department board shall be exempt from chapter 17A. If  
46 requested by the commission or department board, the  
47 business shall provide copies of materials documenting  
48 the type of violation, any fees or penalties assessed,  
49 court filings, final disposition of any findings and  
50 any other information which would assist the

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Page 3

1 commission or department board in assessing the nature  
2 of any violation.

3 Sec. \_\_\_\_\_. Section 15E.196, unnumbered paragraph 1,  
4 Code 1999, is amended to read as follows:

5 For purposes of determining the incentives or  
6 assistance provided in this section, "eligible  
7 business" means a business which has been approved to  
8 receive incentives and assistance by the department-of  
9 Iowa economic development board pursuant to  
10 application as provided in section 15E.195. The  
11 incentives and assistance provided under this division  
12 for businesses located in enterprise zones shall be  
13 for a period not to exceed ten years and shall include  
14 all of the following:"

15 2. Title page, line 1, by striking the words "by  
16 banks" and inserting the following: "in enterprise  
17 zone and other businesses and".

By DOTZLER of Black Hawk

H-1520 FILED APRIL 8, 1999

*w/r 4/14/99*  
*(P. 1303)*

SENATE FILE 280

H-1516

1 Amend Senate File 280, as amended, passed, and  
 2 reprinted by the Senate, as follows:  
 3 1. Page 1, by inserting after line 8 the  
 4 following:  
 5 "Sec. \_\_\_\_ . Section 15E.192, subsection 2, Code  
 6 1999, is amended to read as follows:  
 7 2. A city with-a-population-of-twenty-four  
 8 thousand-or-more,-as-shown-by-the-1990-certified  
 9 federal-census, may create an economic development  
 10 enterprise zone as authorized in this division,  
 11 subject to certification by the department of economic  
 12 development, by designating one or more contiguous  
 13 census tracts, as determined in the most recent  
 14 federal census, or designating other geographic units  
 15 approved by the department of economic development for  
 16 that purpose. If there is an area in the city which  
 17 meets the requirements for eligibility for an urban or  
 18 rural enterprise community under Title XIII of the  
 19 federal Omnibus Budget Reconciliation Act of 1993,  
 20 such area shall be designated by the state an economic  
 21 development enterprise zone. The area meeting the  
 22 requirements for eligibility for an urban or rural  
 23 enterprise community shall not be included for the  
 24 purpose of determining the area limitation pursuant to  
 25 subsection 3. In creating an enterprise zone, a city  
 26 with-a-population-of-twenty-four-thousand-or-more,-as  
 27 shown-by-the-1990-certified-federal-census, may  
 28 designate as part of the area tracts or approved  
 29 geographic units located in a contiguous city if such  
 30 tracts or approved geographic units meet the criteria  
 31 and the city agrees to being included. The city may  
 32 establish more than one enterprise zone. Reference-in  
 33 this-division-to-"city"-means-a-city-with-a-population  
 34 of-twenty-four-thousand-or-more,-as-shown-by-the-1990  
 35 certified-federal-census."  
 36 2. Title page, line 2, by inserting after the  
 37 word "corporations" the following: "and relating to  
 38 criteria for establishing an economic development  
 39 enterprise zone".

By WEIGEL of Chickasaw

H-1516 FILED APRIL 8, 1999

*Mr. German  
 Motion to Suspend Rules  
 4-14-99  
 (p. 1302)*

SENATE FILE 280

Senate File 280, p. 2

AN ACT  
PROVIDING FOR INVESTMENTS BY BANKS IN IOWA AGRICULTURAL  
INDUSTRY FINANCE CORPORATIONS.

Iowa agricultural industry finance corporation formed under  
the Iowa agricultural industry finance Act pursuant to chapter  
15E.

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

Section 1. Section 12C.6A, subsection 4, paragraph g, Code  
1999, is amended to read as follows:

g. Participation in local community and rural development  
and redevelopment projects, and in state and federal business  
and economic development programs, including investment in an

\_\_\_\_\_  
MARY E. KRAMER  
President of the Senate

\_\_\_\_\_  
RON J. CORBETT  
Speaker of the House

I hereby certify that this bill originated in the Senate and  
is known as Senate File 280, Seventy-eighth General Assembly.

\_\_\_\_\_  
MICHAEL E. MARSHALL  
Secretary of the Senate

Approved April 23, 1999

\_\_\_\_\_  
THOMAS J. VILSACK  
Governor

SF 280